

BUSINESS WEEK



Curtiss-Wright's Roy T. Hurley: Can he keep Studebaker-Packard on the road? (page 26)

A MCGRAW-HILL PUBLICATION

AUG. 11, 1956

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Construction men are undertaking bigger jobs every day—yet doing them in record time! One big reason is that equipment is bigger, better and more capable. And vital components—like roller bearings—are meeting the tremendous demands of equipment manufacturers. ☆ Bower research engineers, by developing such advanced improvements as Spher-O-Honed design, have helped raise the performance standards of the entire bearing industry. That's why today, more manufacturers—regardless of product—depend on Bower Roller Bearings than ever before. They know that better design plus painstaking quality control make Bower Bearings last longer—require less maintenance. ☆ What about *your* product? If it uses bearings, choose from Bower's complete line of tapered, straight and journal roller bearings for every field of transportation and industry.

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GENERAL BUSINESS

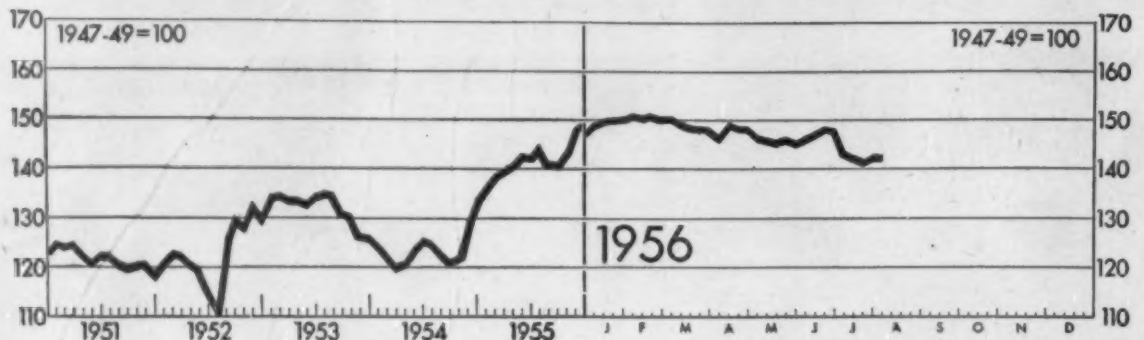
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FIGURES OF THE WEEK



BUSINESS WEEK INDEX (chart)

PRODUCTION

	1946 Average	Year Ago	Month Ago	Week Ago	\$ Latest Week
Steel ingot (thous. of tons).....	1,281	2,157	317	†415	1,290
Automobiles and trucks.....	62,880	170,004	89,236	†144,003	141,101
Engineering const. awards (Eng. News-Rec. 4-wk daily av. in thous.).....	\$17,083	\$57,461	\$82,897	\$76,308	\$59,189
Electric power (millions of kilowatt-hours).....	4,238	10,925	10,391	11,295	11,190
Crude oil and condensate (daily av., thous. of bbls.).....	4,751	6,640	7,086	7,086	7,065
Bituminous coal (daily av., thous. of tons).....	1,745	1,600	2,086	†1,500	1,505
Paperboard (tons).....	167,269	278,376	178,617	268,101	280,659

TRADE

Carloadings: miscellaneous and L.C.I. (daily av., thous. of cars).....	82	73	73	63	63
Carloadings: all others (daily av., thous. of cars).....	53	59	58	46	45
Department store sales (change from same wk of preceding year).....	+30%	+13%	+7%	+2%	-1%
Business failures (Dun & Bradstreet, number).....	22	213	208	274	282

PRICES

Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100).....	311.9	404.2	415.7	413.8	419.1
Industrial raw materials, daily index (BLS, 1947-49 = 100).....	††73.2	97.6	94.0	94.3	96.0
Foodstuffs, daily index (BLS, 1947-49 = 100).....	††75.4	80.3	80.3	82.1	82.3
Print cloth (spot and nearby, yd.).....	17.5¢	19.0¢	18.7¢	18.6¢	18.6¢
Finished steel, index (BLS, 1947-49 = 100).....	††76.4	153.9	158.2	158.5	158.5
Scrap steel composite (Iron Age, ton).....	\$20.27	\$44.00	\$44.83	\$52.67	\$55.50
Copper (electrolytic, delivered price, E & M.J. lb.).....	14.045¢	36.000¢	43.050¢	39.775¢	39.810¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$1.97	\$2.20	\$2.06	\$2.12	\$2.15
Cotton, daily price (middling, 1 in., 14 designated markets, lb.).....	#**30.56¢	#33.53¢	#35.34¢	32.73¢	32.97¢
Wool tops (Boston, lb.).....	\$1.51	\$1.78	\$1.77	\$1.83	\$1.83

FINANCE

90 stocks, price index (Standard & Poor's).....	135.7	334.9	383.3	391.3	391.9
Medium grade corporate bond yield (Baa issues, Moody's).....	3.05%	3.56%	3.78%	3.83%	3.88%
Prime commercial paper, 4 to 6 months, N. Y. City (prevailing rate).....	¾-1%	2¼-2¾%	3¼-3¾%	3½-3¾%	3½-3¾%

BANKING (Millions of Dollars)

Demand deposits adjusted, reporting member banks.....	††45,820	55,865	55,248	56,114	55,556
Total loans and investments, reporting member banks.....	††71,916	84,878	85,521	84,515	85,609
Commercial and agricultural loans, reporting member banks.....	††9,299	23,550	28,843	28,623	28,734
U. S. gov't guaranteed obligations held, reporting member banks.....	††49,879	31,975	26,559	26,050	25,978
Total federal reserve credit outstanding.....	23,888	25,638	25,684	25,393	25,172

MONTHLY FIGURES OF THE WEEK

Private expenditures for new construction (in millions).....	July	\$803	\$2,882	\$2,730	\$2,815
Public expenditures for new construction (in millions).....	July	\$197	\$1,223	\$1,278	\$1,392
Employment (in millions).....	July	55.2	65.0	66.5	66.7
Unemployment (in millions).....	July	2.3	2.5	2.9	2.8
Average weekly earnings in manufacturing.....	July	\$43.82	\$76.36	\$79.00	\$78.60
Wholesalers' inventories (seasonally adjusted, in billions).....	June	\$5.5	\$11.8	\$12.7	\$12.7
Retailers' inventories (seasonally adjusted, in billions).....	June	\$9.8	\$23.2	\$23.9	\$23.8
Retail sales (seasonally adjusted, in millions).....	June	\$8,541	\$15,345	\$15,892	\$15,998

* Preliminary, week ended August 4, 1956.

† Revised.

†† Estimate.

** Ten designated markets.

± 15, 16 in. staple.

‡ Data for 'Latest Week' on each series on request.

THE PICTURES—Atvideberg Industries—100, 101 (lt. cen. & rt.); Grant Compton—30, 31, 32, 44 (rt.), 45, 46, 48, 64, 65, 66, 67; Curtis-Wright Corp.—Cover; Nate Fine—126; Intercontinental Electronics Corp.—74 (top); Herb Kravitz—106; Las Vegas News Bureau—157; Don Ormiz—94, 95; Radio Corp. of America—74 (bot.); Studebaker-Packard Corp.—26 (rt.); Joan Sydlow—44 (lt.); W. W.—27; George Woodruff—84

"VISION IS INDISPENSABLE TO PROGRESS"



From beans to battleships —the industry that wraps up progress

How many wrappers, tubes, bags, boxes, bottles and cans did you open this week?

Last year an estimated 255 billion packages were produced to protect products for shipment, display and sale. More than \$10 billion was spent for packaging materials alone—paper, glass, fibers, plastics, metal, wood and textiles.

In eye-catching displays, colorful, appealing packages rate high in creating sales. Modern packaging has also added new dimensions of convenience, orderliness and cleanliness

compared with the "cracker barrel" days of only 40 or 50 years ago.

Latest industry advances include transparent polyethylene—wonder plastic of food protection; heat-proof foils; amazing wet-strength papers; flexible, collapsible vinyl tubes.

Equipment that rolls out 450 cans a minute, X-ray inspection for high-speed canning, and new labeling

and printing methods are among other new and improved techniques.

"Packaging" can handle almost any demand—from tiny capsules to "mothballing" huge naval ships. Modern packaging typifies the imaginative, productive spirit stimulated by a free economy with the goal of greater abundance and happier living for all.

BANKERS TRUST COMPANY

16 Wall Street, New York 15, N. Y. Rector 2-8900



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"More here than meets the eye. Miss Frances Bethune, Employers Mutuals' consulting nurse, is pictured here with Mrs. Ann Weaver, a Delta Air Lines, Inc. nurse. They are examining a worker's eye under a magnifying glass.

"A lady of tireless energy, Miss Bethune travels over the southeast advising and con-

sulting with various industries about what she terms 'preventive medicine for industry.' She sets up first aid centers, advises about equipment and helps locate nurses. She has a personal interest in making every plant she visits a safer, better place in which to work. I was interested in discovering how much women like her do for industrial progress."



"The cutter is for wood—not fingers. Vencer cutting is a hazard for fingers. Warren Brown, an Employers Mutuals' safety engineer, saw this problem at the Georgia Lumber and Vencer Company. He recommended a new guard design. Warren is shown at right with Allen Mills who is happy there has been no accident since the guards were installed. I understand it is this kind of safety work that means lower workmen's compensation insurance costs for Employers Mutuals' policyholders."

"I found a little bit of Wausau away down south in Dixie"



"Putting out a fire before it starts. I learned that one of the services of Employers Mutuals is their fire protection engineers. Bob Giddens is one of them. He's shown here, at left, with Harry E. Roos, Jr., chief architect for Southern Engineering Company. What they're doing is 'creating a low fire insurance rate for a building right from the architect's model.' Bob's file of letters from policyholders who now enjoy his 'pre-shrunk fire insurance rates' is evidence of his good work."

A WAUSAU STORY

by ED BLAIR, Award-Winning Atlanta News Reporter, WAGA-TV

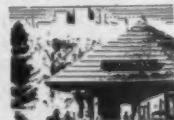
"A reporter is always looking for the human interest angle in a story. Business stories seldom have it. But I found an exception in the Wausau story. Wausau is a fairly small community up in the hunting and fishing country of Wisconsin. They say you can almost hear the fish splash from any downtown building and if you look sharp you can see a deer. It's the kind of place city folks dream about when the going-home traffic gets snarled. I hear that the people there are just about as nice and friendly as you'd ever want to meet. They conduct business in that spirit, too."

"As Bill Daily, manager of the Employers Mutuals Southeastern Branch in Atlanta, put it—'doing business with Wausau people is as pleasant as going to their home for a Sunday fried chicken dinner.' I think you'll get the Wausau idea from reading the three stories under the pictures on this page."

Employers Mutuals, with offices across the country, writes all lines of fire and casualty insurance. We are one of the largest in the field of workmen's compensation. For further information see your nearest representative (consult your telephone directory) or write us in Wausau, Wisconsin.



Employers Mutuals of Wausau



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business with"

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READERS REPORT

Cleanup in Texas

Dear Sir:

As a native Texan and a long-time subscriber to BUSINESS WEEK I wish to cordially thank you for your concise and factual reporting in the article A Cleanup in Texas [BW—Jul.14'56,p70] which has to do with the immense amount of unfavorable publicity the Lone Star State has received in connection with the insurance business.

The present Chairman of the Commission, the Honorable J. Byron Saunders, and his predecessor, the late George B. Butler, had long recognized the weakness of laws controlling the proper supervision, which was made crystal-clear in your treatment of the subject.

OSCAR BURTON

GULF STATES TELEPHONE CO.
TYLER, TEX.

Explosive Growth

Dear Sir:

The article Arizona Hitches Its Future to Ideas and Industry [BW—Jun.23'56,p114] certainly catches the spirit of the times here. As a transplanted economist who has been busily getting acquainted with this economy for the past several months, I found myself envying the writer of this article for his knowledgeable analysis of the explosive growth that is occurring in the Phoenix and Tucson areas.

The article, however, may convey the impression that the remainder of the state could be thrown away without any great loss. Even if there were no significant mineral and forest resources (to which only passing reference is made in the article), there are millions of acres to the north and east of Phoenix that are highly important in the area's continued development. These acres of mountain land provide not only the watershed for the whole Phoenix area but offer a cool summer vacation land at virtually the desert city's back door. The ready accessibility of such natural air conditioning was a factor in one large firm's decision to come to Phoenix and doubtless it will figure in that of others.

[It] may also convey the impression that the Phoenix and Tucson areas offer the only opportunities in Arizona for pleasant living in the sun. Though these are the natural cultural centers because of their size and schools of higher

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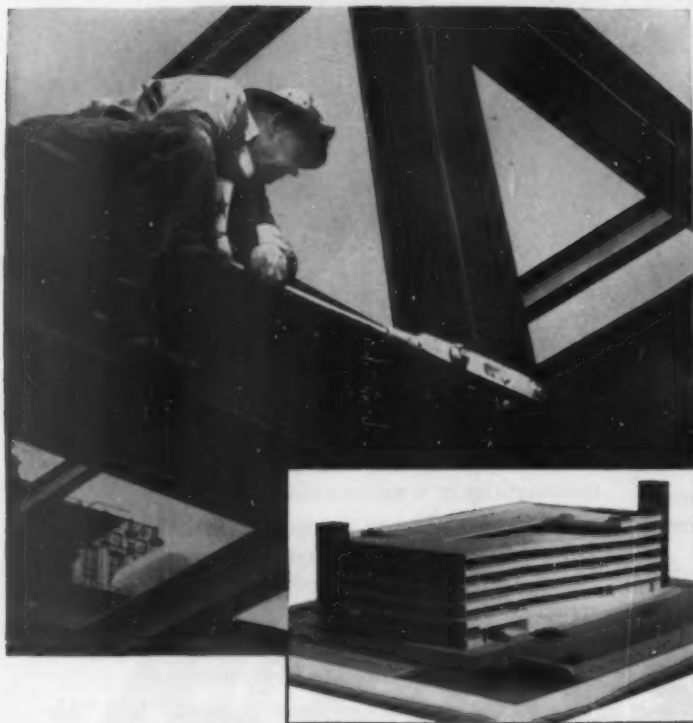


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Made For Tough Nuts. It's a geared nut tightener (and loosener) made for heavy-duty use. The device uses Shelby Seamless Mechanical Tubing for maximum strength. USS Shelby Tubing is actually pierced from a solid billet of fine steel. The tubing is hot worked and forged in the process, and it contains no welds.

Only STEEL



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6-1681

Keep America Beautiful! Help keep our highways, beaches, and parks clean. Dispose of trash in a proper receptacle—wherever you are.

can do so many jobs so well



On Top of The World. Boeing's 707 Jetliner looks down on the mountain tops as it flies far above the clouds. USS steels are widely used in this proud new airplane—in control cables, engines, landing gear and countless other places.

THE PACKAGING NEWSFRONT

Families that like to vacation or picnic by automobile, but enjoy the comforts of home, are getting a break with a new Station Wagon Sleeping Porch, just announced by Bemis.

The Sleeping Porch provides a bug-free, ventilated, rear-end extension that gives stretch-out sleeping room or enlarged eating space. It is designed to fit certain models of '55 and '56 station wagons.

The porch can be slipped on the car in less than one minute, since there are no ropes to tie or buckles to fasten. Elastic shock cords hold the enclosure trim.

Snap-in mosquito netting windows are provided for the front doors, giving complete cross-ventilation.

The Sleeping Porch is made of high count water- and mildew-resistant drill and high quality nylon netting. There are leather reinforcements at points of wear and all metal parts are protected to prevent scratching.



An ingenious way to strengthen multiwall paper bags at the points where most sewn bag breakage occurs, and thus save in total paper usage and lower bag prices, has been devised by Bemis engineers.

In these new bags, called Bemis Strength-End Multiwalls, strips of sturdy kraft paper, several inches wide, run horizontally around the bags at the top and bottom, the most vulnerable locations. These strips are anchored to the other walls, so they work in conjunction with them. Not only the sewing lines, but also the gusset corners are strengthened.

Bemis engineers point out that bags with fewer plies may be used, because of greater end strength where it is needed. In some instances, Strength-End Multiwalls may replace more expensive types of shipping containers.

You can answer so many needs with Bemis products... both in and out of the packaging field. If you need a package that will increase sales, give better protection to your product, or simply save you money... or if you are interested in other Bemis developments in paper, textiles or plastics... consult us. Bemis products meet an astounding number of industrial, commercial and recreational requirements, and new uses are continually coming to light. You may want our engineers to create a new package, or to advise you on packaging methods. Please write us.

Bemis



408 D Pine Street
St. Louis 2, Mo.

learning, there are many other places in the state that offer attractive climate and may even be preferred by some prospective residents and manufacturers because of their smaller size.

Only passing reference was made... to the Western market that is available to the manufacturer located in Arizona. More emphasis is warranted because it requires only an overnight truck trip from Phoenix or Tucson to reach the mass market of Southern California. Nor should the potential market of Northwestern Mexico be overlooked. The economic development of this richly endowed area is just beginning and Arizona provides the major gateway from the U.S. . . .

HIRAM S. DAVIS

WESTERN BUSINESS
CONSULTANTS, INC.
PHOENIX, ARIZ.

Community Systems

Dear Sir:

I am writing to correct a mistaken impression that has been given about Community Television Antenna Systems in your news article [BW—Jun.23'56,p102].

. . . You state that "System owners . . . bring TV to some two million valley dwellers who otherwise would never get a picture." I believe a more accurate count would indicate that probably less than 300,000 receivers are served by community antenna systems, with perhaps a third of these on a co-operative basis. We are very proud of the part that our business has played in the development of the national TV industry and we face the future confidently, with or without closed-circuit programming. However, I believe we should be kept in proper perspective—important to the people we serve, insignificant to the national industry!

W. RANDOLPH TUCKER

VICE-PRESIDENT
COMMUNITY CABLE SYSTEMS, INC.
STAMFORD, CONN.

• Reader Tucker is referring to sets, while our figure referred to numbers of people—so many per set.

Obvious Answer

Dear Sir:

In your article "Why Industry Woos Cloistered Scientists" [BW—Jun.2'56,p93] you asked two very important questions—"How was the solar system brought into being,

INDUSTRIAL BUILDING

60x240, 14,400 sq. ft. per floor. 3 floors plus basement.
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Reinforced concrete and brick; fireproof construction and floor loadings. A-1 condition. Good parking. Spur track, large freight elevator, also automatic passenger elevator. Top floor fitted as office.

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Manufacturing Space for Rent

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60,000 SQ. FT. ON STREET LEVEL
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and attracts buyers

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EVERY FIRE HAZARD



Your primary concern, when you install a Grinnell Automatic Sprinkler System, is *protection* of property against a disastrous fire. For no amount of insurance, you realize, can fully reimburse you for the loss of buildings, inventory, records, valued customers, or invaluable lives.

Yet it is gratifying to reflect that Grinnell Sprinklers increase the *value* of your property as well. As these typical real estate advertisements indicate, "sprinklered" is an important *plus* in the sale or lease of a building. It carries weight with business management.

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We shall gladly survey your property and submit an estimate, without cost or obligation. Write or phone Grinnell Company, Inc., 265 West Exchange Street, Providence, Rhode Island.

**Manufacturing, Engineering and Installation of
Automatic Sprinklers Since 1878**

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AIR MOVING APPLICATIONS



Super

SHADED POLE MOTOR

GIVES YOUR PRODUCT THESE SALES ADVANTAGES

Long life . . . quiet operation . . . high operating efficiency . . . lasting good appearance—these sales-stimulating motor advantages are assured your product when it is teamed with a Lamb Electric *super* shaded pole motor.

Reflecting our 41 years of experience successfully powering many types of household appliances, these advantages result from the following features:

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- HIGH DIELECTRIC slot insulation and extra varnish treatments
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- DIE-CAST END FRAMES . . . sturdy, lightweight, corrosion-resistant
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- SHAFT precision ground to controlled surface finish
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Our district engineers will be glad to demonstrate the advantages of Lamb Electric *super* shaded pole motors for your products.

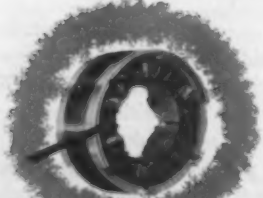
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FRACTIONAL HORSEPOWER MOTORS



UNI-SPUN* STATOR FRAME

Anchored laminations, ample back iron, strong pole tips mean core rigidity, better heat dissipation, quiet operation.



AL-SPUN* ALUMINUM ROTOR CAGE

Heat-treated for lowest rotor losses. Integral cooling fan and vented core. Dynamically balanced.

and how was the universe born?"

Genesis 1:16,17 says "And God made two great lights; the greater light to rule the day, and the lesser light to rule the night; he made the stars also. And God set them in the firmament of the heaven to give light upon the earth."

So the answer is obvious—Jehovah God.

S. M. LAWSON

WAUKEGAN, ILL.

Income Ranks

Dear Sir:

When you look at the record of payments by our government of \$1.75-billion to farmers, \$4.75-billion to veterans, \$1.5-billion to needy people and then examine the record of incomes [BW—Jun.30'56, p121] and see that out of 52.2 families 37.7 (or 72%) are receiving over \$3,000 per annum income, and you have a record of a family with an average income of \$3,400 being able to retire at 55 with an income of \$100 per week, is it small wonder that some of us think too many of our congressmen are phonies?

Or is it the fact that so many of us are phonies we must expect a like proportion amongst the congressmen, who after all, come from us?

You and some others had better quickly help us mend our thinking.

LIONEL L. JACOBS

WAYNE, PA.

Fanning the Spark

Dear Sir:

. . . I must say that I have never read a more perfect science story than How Top Scientists Fan the Creative Spark [BW—Jul.28'56, p124]. As you know, the scientific manpower shortage today has mostly to do with the "creative spark," as you have called it. There are lots of so-called scientists but comparatively few with aptitudes for creative productivity. . . .

SIDNEY S. NEGUS

DIRECTOR OF PUBLIC RELATIONS
AMERICAN ASSN. FOR THE
ADVANCEMENT OF SCIENCE
RICHMOND, VA.

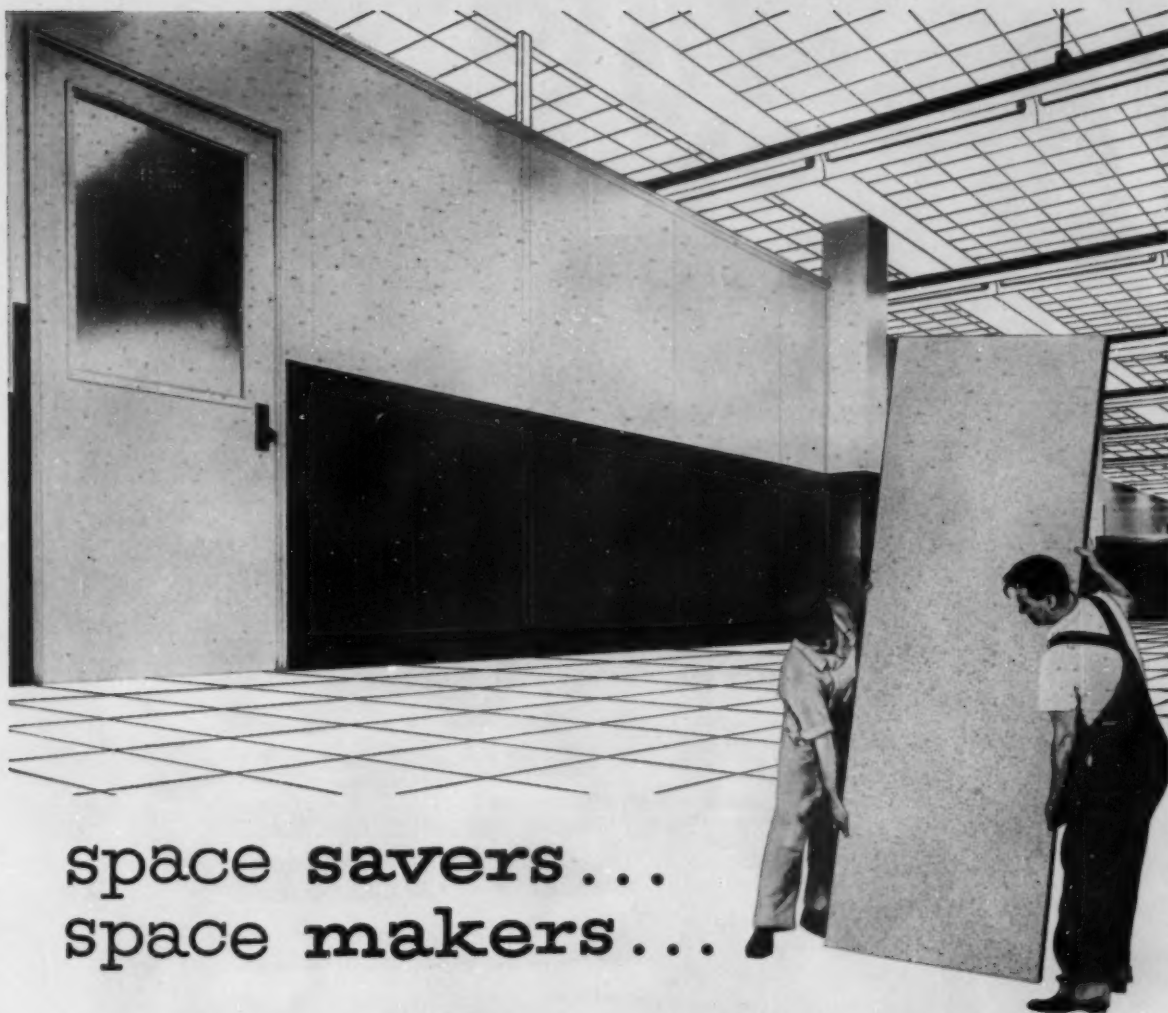
Tale of the Bull

Dear Sir:

I don't see any end to the bull market yet. Bet Reader Wetsel [BW—Jul.7'56,p14] 600 before 400.

HERBERT J. AMDUR

KEW GARDENS, N. Y.



space savers... space makers...

**J-M Class A Asbestos Walls are movable ... save space and make space
... are noncombustible, moderately priced ... come in pleasing colors**

New Johns-Manville Class A Movable Walls offer you advantages never before combined in an asbestos movable wall. They are modestly priced. They are noncombustible. They have a textured, stipple finish in restful colors. They reduce maintenance and relocation costs to a new low.

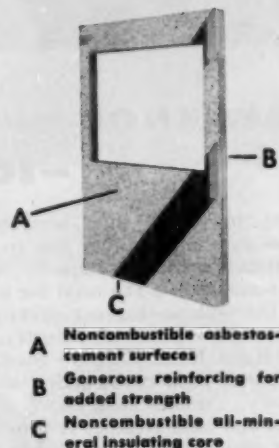
The finish of Johns-Manville Class A Movable Walls is a tough, hard film much thicker than on the usual movable partition. It is mar- and scratch-resistant ... rejects stain and soil ... can be easily washed and even scrubbed, if necessary. If damaged, it can be touched up inexpensively to look like new ... and, unlike other types of fac-

tory-finished partitions, can be repainted with ordinary paint.

Undivided responsibility for a complete job

These flush or glazed partitions are erected as well as furnished by the Johns-Manville Construction Department complete with doors, door hardware, glass and trim.

Johns-Manville Movable Walls are available in several types to meet varying budget considerations. For details, write Johns-Manville, Department BW, Box 158, New York 16, New York. In Canada, write 565 Lakeshore Road East, Port Credit, Ontario.



See "MEET THE PRESS" on NBC-TV, sponsored on alternate Sundays by Johns-Manville



Johns-Manville



Blaw-Knox grating in boiler house of large industrial plant

BLAW-KNOX makes what it takes -to provide safety underfoot

In many industries the "hard hat" has become a universal symbol of safety due to its excellent record for overhead protection. Equally important, but sometimes overlooked, is the need for greater safety underfoot . . . the walking-working safety required for millions of workers throughout all industry.

Blaw-Knox Electroforged® Steel Grating . . . built in one piece, rigid construction with non-slip twisted crossbars . . . makes ideal floors, platforms, walkways, catwalks and stair treads. It provides maximum open area for added ventilation, light, and see-ability . . .

and can be readily removed and replaced in sections, to permit easy access for making repairs or for installing additional equipment.

Both indoors and outdoors Blaw-Knox Electroforged Steel Grating and Stair Treads are making many plants safer, better places to work. Our engineering services are readily available to make a safety-grating study of your plant, warehouse or other structures.

For an interesting, informative look at the many services and products we offer industry, write for your copy of "This is Blaw-Knox."



BLAW-KNOX COMPANY

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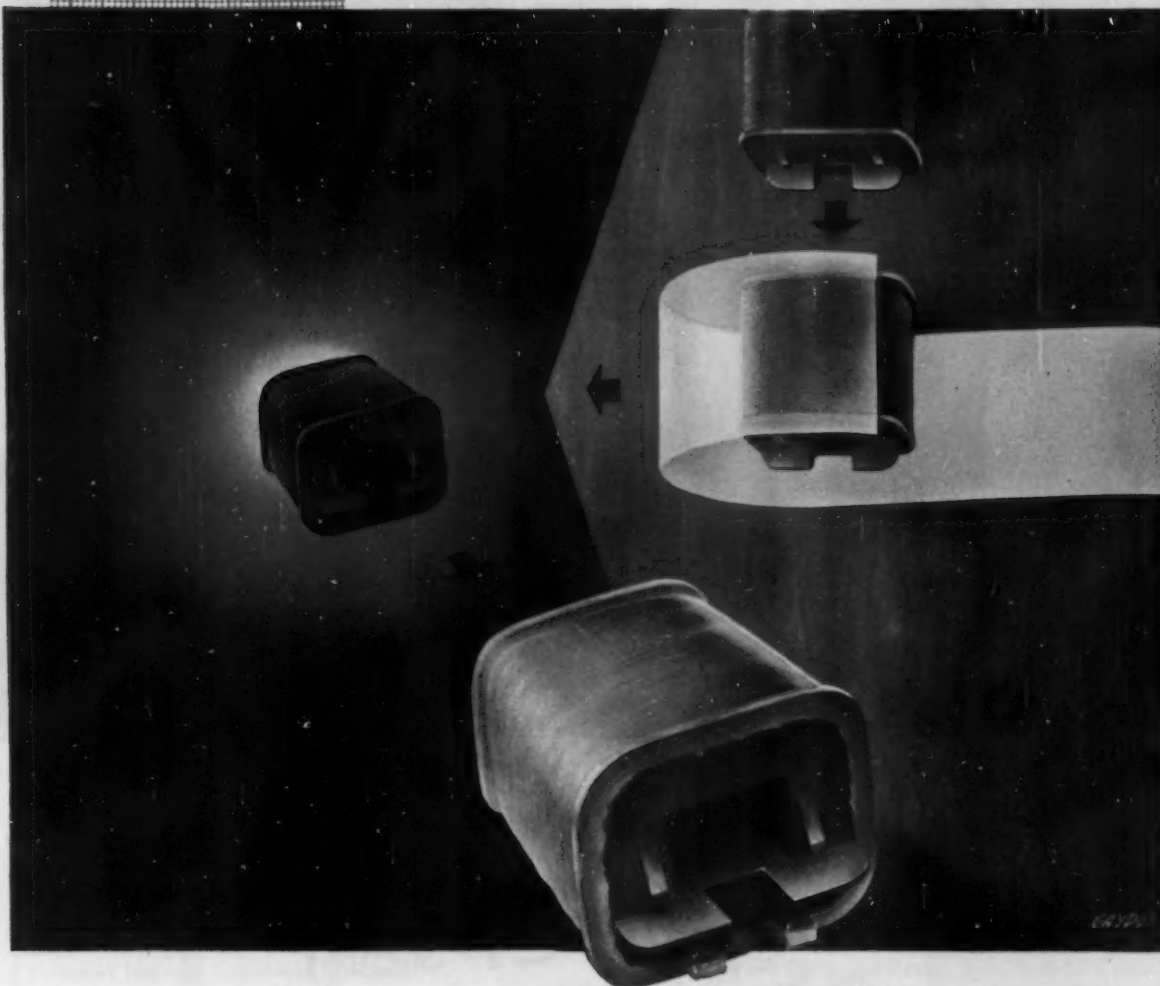
Another example of



**CHEMICAL
PROGRESS**

Q. Could chemical science create a non-melting material that would shrink and bond under heat, for insulating and other applications?

**A. NEW IRRADIATED PLASTIC
SHRINKS...TO DO A BETTER JOB**



It's called Irrathene® irradiated polyethylene—this new plastic created by bombarding polyethylene with high-energy electrons. A result of General Electric advances in radiation chemistry, this *non-melting* polyethylene film is ideal for "encapsulation" applications. It shrinks under heat to form a tight, tough, form-fitting protective sheath.

The electrical industry is among the first to utilize Irrathene irradiated polyethylene. Wrapped around coils, as shown above, it heat-shrinks and bonds to press out air pockets, seal out moisture, provide tough, space-saving, low-cost insulation.

Beyond the electrical field, the industrial potential of

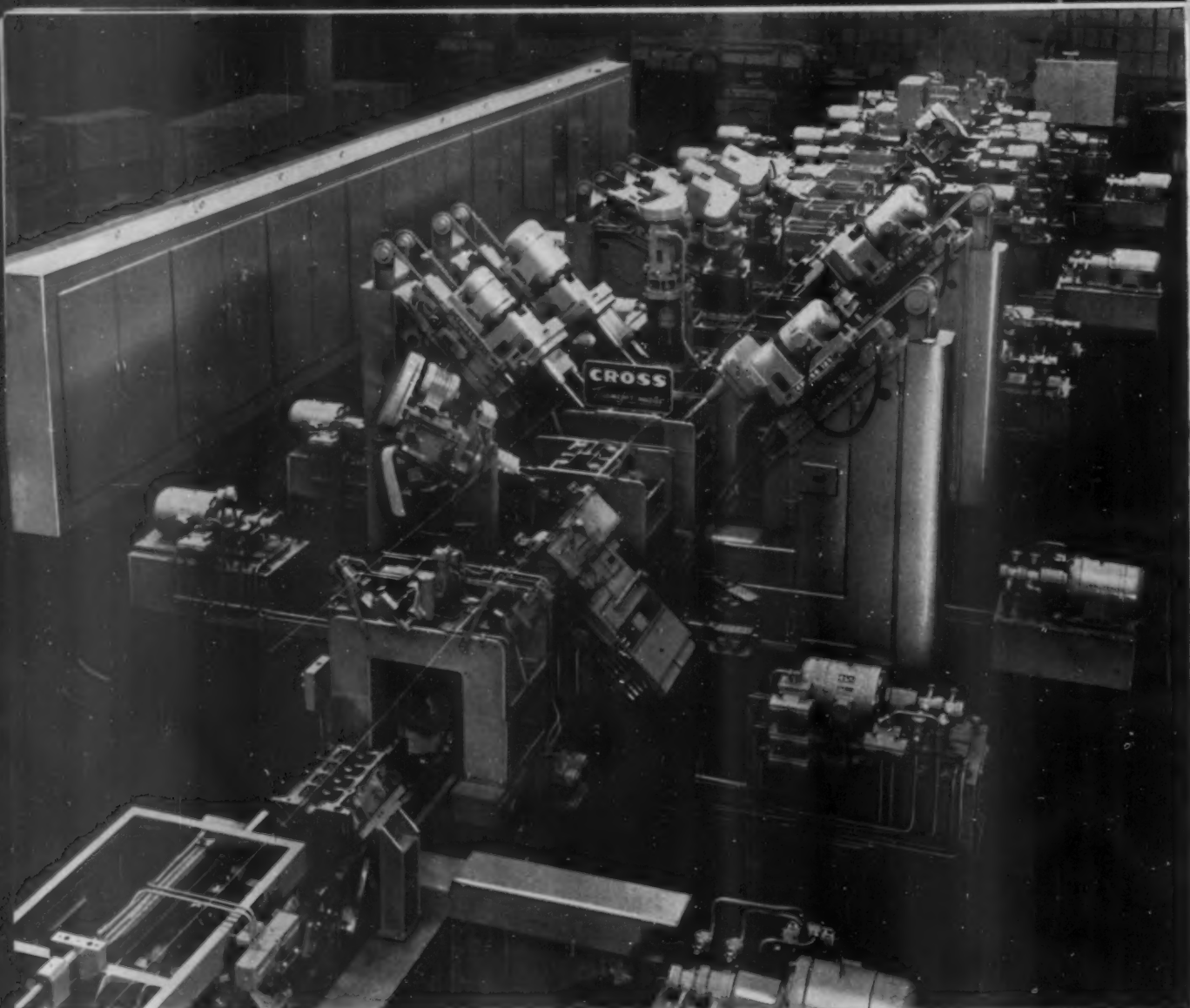
Irrathene film is tremendous—as sterilizable containers, cookable food packages—dozens of new uses awaiting only American ingenuity.

This is progress for all, through G-E chemical progress.

How can Irrathene irradiated polyethylene help *your* business? For more information, write *Department CDD, CHEMICAL AND METALLURGICAL DIVISION, General Electric Company, One Plastics Avenue, Pittsfield, Mass.*

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GENERAL  ELECTRIC



Why do they call it "Detroit Automation"?

It performs 555 machining operations and 133 inspections on as many as 100 V-8 cylinder blocks an hour—all automatically.

"Transfer-matic" the Cross Company calls it.

Some technicians call it "Detroit Automation," a name reserved for the "mechanization of the handling of workpieces between machines that perform successive operations."

The ability to receive, store, interpret, and use information from the operator and the control board is what makes the "Transfer-matic" and all other automated machines different.

Vital links in these communications are the wire and cable used to trans-

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Obviously, the task calls for superior wire. Wire that resists heat and flame, moisture, acids, oils, and cutting solutions. Wire that relays electrical impulses month after month without interruption.

Cross specifies Rome Synthinol® machine tool wire for jobs like the "Transfer-matic"—7 miles of it on this one unit alone!

Our engineers and researchers are

constantly developing new and better wires and cables for the automation that will make tomorrow's headlines . . . automatic monitoring instruments, giant self-correcting milling and cutting machines, electronic computers . . .

If your problem involves electrical circuits, our engineers can help you.

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 Erie	 Grand Trunk Western	 Great Northern	 Gulf, Mobile & Ohio	 Illinois Central	 Kansas City Southern	 Lehigh Valley
 Louisville & Nashville	 Mpls., St. Paul & Sault Ste. Marie	 Missouri-Kansas-Texas	 Missouri Pacific	 New York Central System	 New York, Chicago & St. Louis	 New York, New Haven & Hartford
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These 43* railroads
provide shippers with **DF**
to eliminate damage to loading

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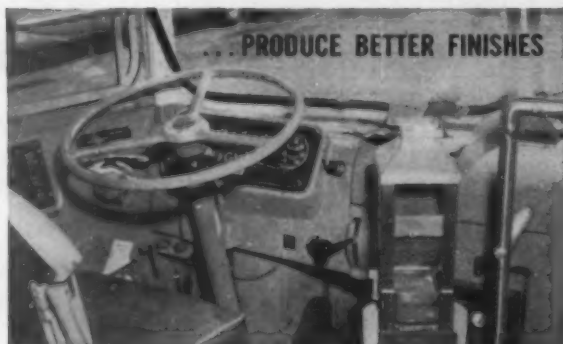
• Whether you're a shipper or a railroad man, you'll benefit by writing, now, for all the details on Evans DF equipment. Address: Evans Products Company, Dept. B-8, Plymouth, Michigan.

HOW **HERCULES** HELPS...



... BUILD FOR THE FUTURE

BEAUTY AND PERMANENCE are combined in New York City's new Coliseum, headquarters for conventions and trade shows. Air-entrained concrete was used on this project. As an air-entraining agent, Hercules Vinsol® Resin improves the basic properties of concrete blocks, precast forms and prepared masonry cements, as well as those of poured concrete structures.



... PRODUCE BETTER FINISHES

SAFETY COMES FIRST with the Cleveland, Ohio, Transit System. That's why the System's 50 new 48-passenger buses have a driver's area finished in multicolor lacquer based on Hercules® nitrocellulose. The easy-to-clean multicolor finish minimizes glare and prevents reflection from sun and headlights. (Described in U. S. Patent No. 2,591,904, held by Coloramic Coatings, Inc., Los Angeles.)



... KEEP PACE WITH RUBBER

EXPANDING CONSUMPTION—The use of natural and synthetic rubber has more than doubled in ten years. To anticipate future demands, Hercules has constructed this pilot plant at Hattiesburg, Mississippi, where new rubber chemicals are being readied for commercial production.

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HERCULES

CHEMICAL MATERIALS FOR INDUSTRY

BUSINESS OUTLOOK

BUSINESS WEEK

AUG. 11, 1956



Inflation was a word on almost everyone's lips this week.

This was natural with the steel price boost, the Suez crisis, the movements of troops in the Mediterranean.

Yet it ran smack into high output and an abundance of almost all types of goods in this country (page 23). There was, too, a small matter of money.

Today's only really conspicuous shortage is money. There you have the absolute opposite of the classical inflationary situation—the spiral fed by a rapidly increasing money supply.

Obviously, there are price-raising influences at work. The mere fact of full employment is one. The steel industry's pattern-setting wage contract is another. And the two—full employment at rising wages—point to higher consumer purchasing power.

The greatest direct offset for this purchasing power is the large supply of goods already built and capacity to build more.

Indirectly, credit has taken a hand, particularly in the way mortgage money stringency has blunted demand for new homes.

—•—
Tightness in the labor market was underlined by this week's report on July employment.

The total was up slightly over a month earlier in spite of the steel strike. The 66.6-million with jobs bettered last year's July mark by 1.6-million and, of course, toppled June's month-old record.

And, strikes notwithstanding, unemployment was reduced a bit.

Jobs are so inviting, in fact, that a lot of people have come into the labor market who might not otherwise be in it.

You get at this by the size of the labor force. "Natural growth" would hardly have added a million job hunters in the last year. But how many actually appeared? Fully 2-million.

Most of these "extras" are the casual workers—those familiar ones who seek work only when jobs are easy to get and pay attractive.

Unemployment is higher than at this time last year, to be sure.

But, when you consider the slack in autos, housing, appliances, farm equipment, and textiles, a total of only 4% of the labor force without work is much smaller than might have been expected.

And bear in mind, some of July's 2.8-million jobless doubtless were idled in industries, like railroads, affected by the steel strike.

—•—
Installment debt taken on by consumers has been rising much less rapidly this year than last. But don't let that give you the idea that consumers have turned cautious or are letting their debts worry them.

Actually, they have been borrowing more than ever before—more even than in record-breaking 1955.

The only reason this doesn't show up in a more rapid rise in debt than a year ago is that repayments have shot up even faster than borrowings. Thus the payback slows net expansion.

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

AUG. 11, 1956

This year's rise in time-payment debt, at last report, was just under \$1-billion. In 1955's same period, it was nearly \$2½-billion.

Nevertheless, new borrowings this year have amounted to \$18¼-billion, up from \$17.7-billion in the first half of 1955.

Meanwhile, consumers had to be meeting the payments on debts piled up last year as well as beginning to meet this year's new debts. The result was that the half-year's repayments soared to \$17.3-billion, fully \$2-billion more than in the like period last year.

Not nearly so many autos have been sold this year as last, but apparently a lot more of them have been sold on time. Thus auto financing for the half year was little changed from 1955.

—●—
Mortgage lending has fallen behind a year ago, even though the volume of installment debt has not.

After a 1955 increase of better than 20% over 1954, mortgage recordings fell back to year-ago levels early in 1956. Minus signs began to appear in May, and the lag has been worsening since.

Savings and loan associations, particularly hard put for new mortgage money, report loans down 18% in June, 9% for the six months.

—●—
Last month's steel stoppage plus vacations in metalworking plants show up sharply in the zinc industry's figures.

Demand, as reflected in shipments to consuming industries, fell sharply even from the somewhat depressed levels of May and June. Smelters' stocks rose to 103,000 tons on July 31, up 33,000 tons in a month.

Nevertheless, there is little pressure on prices. Heaviest stockpiling in a year and a half plus Suez jitters have helped the market.

—●—
Much of the steel industry's capacity (page 64) has been put back into operation rapidly (even though there is still much talk about delays up to three weeks in getting some facilities going once again).

This week's output is estimated by the American Iron & Steel Institute at a little better than 50% of capacity.

This would yield about 1¼-million tons of steel for the week.

Bidding on steel scrap became all the keener this week with the reopening of the mills. One reason was that U. S. Steel's ore boats still were tied up by labor trouble, casting new doubts on ore supplies.

Iron Age's scrap composite hit \$55.50 a ton, duplicating its peak set during the rise which culminated last April.

—●—
Cotton surpluses won't be reduced during the 1956-57 crop year if this week's government crop forecast is realized.

A yield of over 13½-million bales is expected. That would be down about 1.2-million bales from last year; yet it would fill domestic needs and leave 4½-million for export (a feasible, if optimistic, target).

WHAT'S NEW IN MOTOR CONTROL? ★ ★ ★ GET IT FIRST IN CUTLER-HAMMER

New Cutler-Hammer Three-Star Motor Control brings full automation to oil well pumping



If automation means completely automatic operation, oil well pumping has it today. With a remarkable new Cutler-Hammer Three-Star Motor Control unit, oil wells can now be pumped on a pre-set schedule to meet any field allowable . . . completely unattended indefinitely as far as the programming or the electrical equipment is concerned. When a power outage occurs, any number of pumps restart in a fixed sequence to prevent overloading the power lines. The control is protected against lightning and the motors are protected against single-phasing which often results from lightning. Blistering heat, ice, bugs or dust hold no terrors for this control designed to thwart them.

The heart of this new control is

the Cutler-Hammer Supertimer. It does two things. First, it provides the means for setting the desired pumping schedule (hours per day and days per week). Second, it provides 73 accurately controlled restarting intervals (restarting time delays from zero seconds to as much as three minutes) to provide definite sequence starting of any number of pumps after any power interruption. Nothing is left to chance; unfortunate coincidental restarting of even two pumps is impossible. In addition, a small switch on the panel permits instant conversion from automatic to manual restarting whenever it might be desired. This control has everything, particularly the engineered dependability so vital in any automation.

Engineers know this is the way Cutler-Hammer designs and builds motor control. It is evident throughout the new complete line of Cutler-Hammer Three-Star Motor Control. If you are a user of industrial electric motors, it deserves your immediate investigation. Its easier installation often affords almost unbelievable savings. Its better performance will save much costly trouble. Its amazingly longer life pyramids its economies. Try it. Compare it. Prove it. Your nearby Cutler-Hammer Authorized Distributor is stocked and ready to serve you. Order from him now.

CUTLER-HAMMER, Inc., 1275 St. Paul Avenue, Milwaukee 1, Wisconsin. Associate: Canadian Cutler-Hammer, Ltd., Toronto.

Cutler-Hammer Three-Star Motor Control is available in every needed form



Cutler-Hammer Authorized Distributors carry stocks of Cutler-Hammer Three-Star Motor Control in sizes and types of enclosures to meet all normal industrial control requirements.



Leading machinery builders equip their machines with Cutler-Hammer Three-Star Motor Control as standard original equipment. All components are available for panel mounting.



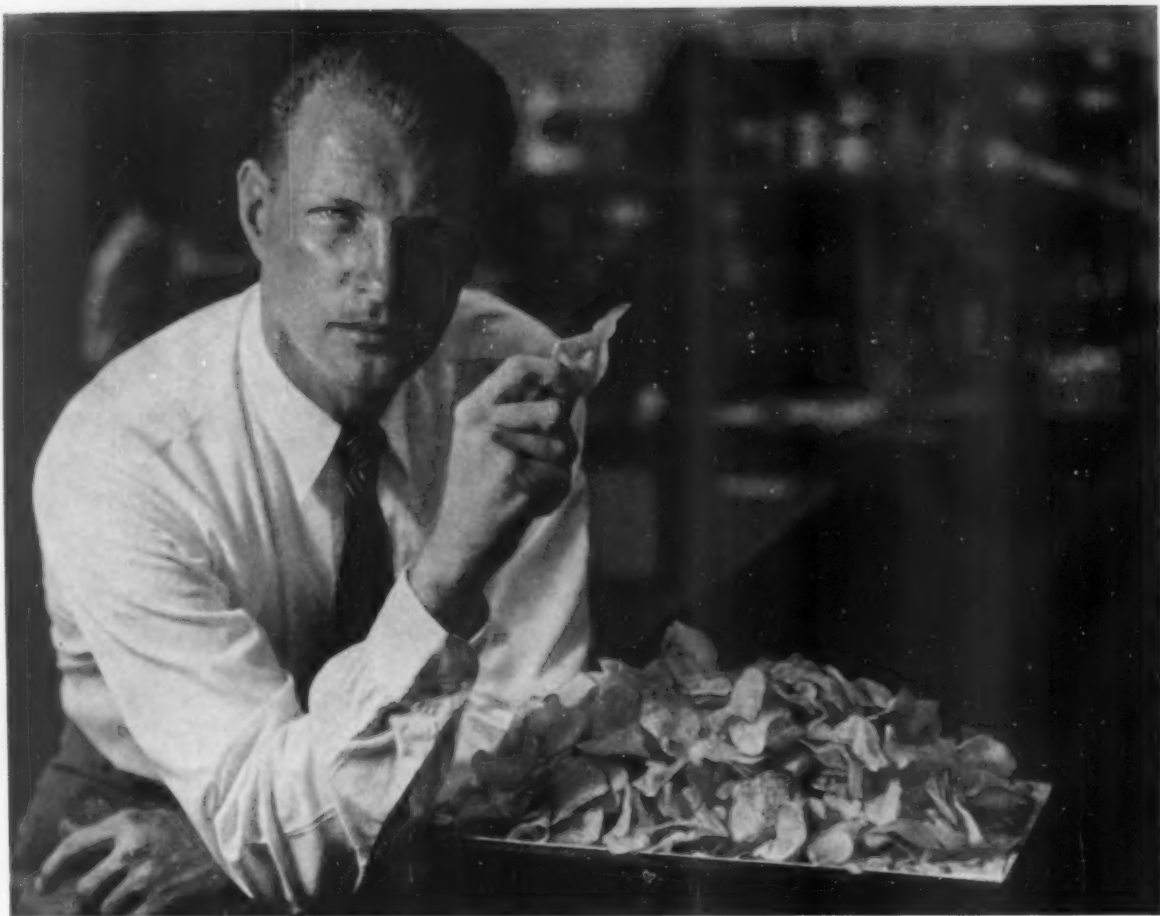
Cutler-Hammer Three-Star Unit provides for easiest and quickest installation or rearrangement of the finest in control equipment. Cutler-Hammer Three-Star Motor Control.

★ installs easier

★ works better

★ lasts longer





The potato chips you see are inhibited ... but not chemist Frank Wedge

A man called us a year or so ago.

His firm was working on a new line of food preservatives. It seemed that the possible shortage of a key chemical had him worried.

He asked if we could produce this chemical. It would be used, he said, in their new product—an antioxidant—to inhibit staleness in foods after packaging. To keep potato chips, for example, fresh and profitable longer. The specifications were exacting.

So we turned Frank Wedge loose on the project. His uninhibited approach to baffling problems has often produced exciting results for us. Frank headed up a Project Investigation Team of chemists and engineers picked for their special experience.

Then, months of teamwork followed. Research and

pilot production. Close work with our customer all the way. The payoff was a chemical which filled the bill in full. Our customer was pleased with the pilot run. Still is, in fact, with Ansul's quantity production.

From this unusual team approach has come Ansul's own quality chemical line, and a unique ability to apply chemistry with a mechanical twist. We have solved problems diverse as fire and ice—Ansul's fire extinguishers and improvements to refrigeration systems are prime examples.

Got a chemical problem? . . . or a chemical problem that calls for a mechanical solution? Let us tackle the job with chemists, engineers and all the momentum of an alert, aggressive management. Write **ANSUL CHEMICAL COMPANY**, Marinette, Wisconsin.

Ansul: pioneer manufacturer of Fire Extinguishing Equipment, Refrigerants and Mechanical Refrigeration Products, Industrial and Fine Organic Chemicals



After Steel: A Renewed Boom

● The steel strike acted like a tonic. It soaked up inventories, revived buyers' appetites.

● Steel's wage and price rises look like a push toward inflation. But it's hard to worry about that when the economy is built on abundance, not scarcity.

● So it looks like another lift for business in general, with spotty shake-outs, as in housing (page 32).

Economic clocks seem to run faster and faster. Now, before business has a chance to catch its breath, the 1956 readjustment is over. It ended abruptly with the relatively painless steel strike. And business can look forward to months of high and rising activity.

To a weak or sick economy, a crisis like the steel strike could have been disastrous. But to the strong and growing U.S. economy it has worked like a tonic:

- It quickly mopped up inventories.
- It created or aggravated shortages.
- It created a need for continued high production of steel.
- By delaying many companies' capital spending programs, it stretched the investment boom further out into 1957.
- It heightened worries that the economy was being shoved toward inflation.

I. No Real Inflation

Though nobody can deny that the steel price increase will help push the general price level upward, sharp inflation is not in prospect. The Federal Reserve has continued to keep a tight grip on money and credit. As a matter of fact, the money supply has risen only 1.1% in the last year—which may even be less than the growth of the economy requires, since 3% to 4% has been considered normal. Signs of a faster upward movement in prices will find the Fed ready to tighten the screws further.

• **Abundance**—Real inflation is a result of scarcity. The American economy, in mid-1956, is one of abundance.

During the month-long shutdown of 85% of the steel industry, consumer spending went ahead full steam—yet it uncovered few, if any, shortages of consumer goods made of steel.

In all fields, consumers are well supplied—and in a position to cut their spending rate if manufacturers try to shove prices up too fast. In nearly all lines, activity is high—but competition is hot.

• **Prices of Goods**—Of course, this doesn't say that, under the whip of rising wages and other costs, many producers will not put up their prices. Many, including makers of heavy electrical equipment and consumer durables—have already done so, and many more will.

Actually, the upward movement of the prices of industrial products has been going on for well over a year. In May, 1955, the index of industrial prices (1947-49 = 100) stood at 115.5; by the end of the year it had reached 121.5. In the first months of 1956, industrial prices stayed level. Now they will be climbing again.

• **Farm Prices**—In 1955, the rise of industrial prices was masked from public attention by the contrary movement of farm prices. Now, however, the sharp climb of farm prices since the start of the year (from 82.9 in December to 90.3 in mid-July) is bolstering, instead of offsetting, the uptrend in wholesale prices.

The cost-of-living index is also breaking away from its long plateau. In May, it moved up half a point. In June, it rose another .7. And the end is not yet in sight.

• **New Price Push**—Rising personal income (\$284.8-billion after taxes in the second quarter of this year, compared

with \$268.5-billion last year) promises to underwrite a further upswing in the prices of consumer goods. And the powerful capital spending boom—originally slated to hit \$39-billion this year (though shortages of structural steel will hold it below that figure)—will assure further increases in prices of capital goods.

Under the circumstances, the remarkable fact about heavy industry's price behavior probably is its reluctance to charge all the market will bear. The steel price boost of only \$8.50 a ton was less than expected, certainly much less than the steel industry could have got away with if it had really been of a mind to soak the steel users. The economy may, in fact, be benefiting from a frequently damned factor: administered prices.

Price hikes in big industries such as steel—during 1955 as well as since the steel settlement—have been subject to self-imposed restraints by industry's own price administrators—the leading companies that set the pattern. To some extent, these restraints have been a result of sympathy with the objectives of the political administrators in Washington. There has been a real tendency to avoid rocking the political economic boat—coupled with a growing recognition that industry-born price inflation can boomerang into cost inflation, falling profits, and bust.

II. Gentle Adjustment

1956 was billed as a year of readjustment, largely because the great front-runners of the 1955 boom—autos and housing—were in for trouble after their breakneck pace. The readjustment did come with the new year, but it was surprisingly mild. Depending upon your index of measurement, it was either a straight-line, sliding, or rising recession.

• **Indexes**—Gross national product, which had reached an annual rate of \$401.9-billion in the fourth quarter of 1955, moved to \$403.4-billion in the first quarter of 1956 and \$408.5-billion in the second quarter. Due primarily to the steel strike and the turnaround in inventories, in the third quarter it will probably drop to about \$405-billion.

But price increases following the steel strike may well boost the fourth-

quarter rate over the \$410-billion mark.

The Federal Reserve Board index of production reached its peak in December, 1955, at a 144 level. Then it followed a wobbling but slightly sagging course down to 141 in June. The steel strike probably shoved it down to about 137 in July. Now it will start moving up, should be close to its record high by the end of the year.

The BUSINESS WEEK index (page 2) has followed a similar trend: It peaked

a bit later, in February, at just above 150, slid to about 142 by the end of July. Now it'll be moving up strongly.

• **The Market**—Meanwhile, stock prices (as measured by Standard & Poor's index of industrials) kept climbing in the first months of 1956, made a first peak in April at 521, dropped to 467 in late May, and made a new peak at 530.8 on Aug. 2.

The behavior of the market through the rest of the year, of course, will de-

pend on how the market responds to hot international developments like Suez, to political events leading up to and beyond Nov. 2, to tight Fed credit policy, to all the subtle and complex factors that affect investor confidence.

III. The Outlook

For business generally, it looks like a clear track ahead.

The mop-up of steel inventories got

U. S. Steel Dictates Prices That STEEL PRICES...

	Went into 1955 like this:	After the July '55 strike they rose to:	Just before the '56 strike they had crept up like this:	Now, after the strike, they have risen to:
BILLETS, BLOOMS AND SLABS	64.00	68.50	68.50	74.00
WIRE RODS	4.675	5.025	5.375	5.80
WIDE FLANGE STRUCTURALS	4.25	4.60	4.60	4.65
CARBON PLATES	4.225	4.50	4.50	4.85
HOT BARS	4.30	4.65	4.65	5.075
COLD SHEETS	4.95	5.325	5.325	5.75
COLD STRIP	5.75	5.75	6.25	6.85
MANUFACTURERS WIRE	5.75	6.25	6.60	7.20

U. S. Steel Corp. displayed some hard-boiled price leadership this week when it raised prices an average of \$8.50 per ton. That boost—\$1.50 below the figures the trade had been speculating on only 72 hours earlier, and as much as \$3.50 below the speculation a week before that—startled both U. S. Steel's customers and its competitors.

• **The Meaning**—Big Steel's move means these things:

• Steel users should expect considerable volatility in steel's price structure from now on. Prices will follow costs quite closely.

• Government can expect increased pressure to liberalize depreciation rules in figuring taxes.

• Other steelmakers should anticipate another two and a half years of the same firm price leadership that U. S. Steel has exerted—against considerable industry protest—for the past year.

In announcing the boost, U. S. Steel Pres. Clifford Hood said that "the new prices do not provide a solution to the problem that U. S. Steel faces with respect to inadequate depreciation . . . nor do they attempt to provide a solution to the many problems attending the expansion program upon which U. S. Steel is currently engaged."

• **The Traditional Ratios**—What Hood meant is apparent when you consider some old industry ratios:

Traditionally, steel has figured that

every cent-per-hour increase in direct labor cost will also add another cent-per-hour to its non-wage costs; that's because steel's own pay increase will be followed by increases in the wage cost of coal, fabricated steel, and almost everything else steel buys. This is a 2-to-1 labor-to-total cost ratio. After doubling the cost of a labor settlement, steel producers multiply that figure by 20-manhours to find the cost of a wage package per ton of steel. (Actually the 20 manhours is traditional rather than real; a current figure would be something under 15.) Last year, the industry used an even higher labor-to-total cost ratio of 2.5-to-1.

Last week, U.S.S. Chmn. Roger M.

rid of one big factor that could have been a longer-run depressant. Auto inventories, with sales relatively good and production tightly reined in, have been worked down below 600,000—and can be pretty well cleaned up in time for the heavy flow of the new models. Manufacturing inventories are still pretty high, but growing consumer demand—bolstered by rising income—promises to validate the present level of manufacturers' stocks.

Housing, to some people—especially builders—might seem like a trouble spot (page 32). But many economists consider that a moderate decline in housing construction is a blessing. If, on top of the general capital and construction boom—which gets an extra push from the government's great road-building program and the stepup in defense expenditures—you tried to revive the housing boom, the economy would almost surely be in for a more serious bout of

inflation. The Federal Reserve shows no disposition to ease credit to relieve the builders' pains.

As the U.S. shifts its resources toward heavier capital investment—both private and public—something has to give.

So housing seems to be elected to take the lumps in the next phase of the American economy's pattern of localized shake-downs within a general framework of growth.

Are Up—But Not Running Away

Blough estimated the 1956-57 cost of the new contract to the company at 24¢. When steel's old formula is applied to that figure, you get a \$9.60 per ton cost increase at the 2-to-1 ratio and \$12 at 2.5-to-1. But U.S. Steel settled for \$8.50. Clearly, there is not much slack in this price boost for absorbing future cost increases.

• **Factors to Watch**—Steel buyers who know the corporation well, know that its modern price policy rests firmly on one point: Prices must recover all costs and yield a proper profit. To be sure, a proper profit can be defined in many different ways, depending on many different circumstances. Steelmaking costs, though, are pretty tangible—and the corporation is determined to recover them. So the bright steel buyer will keep his eye on such things as:

• **The cost-of-living index.** It stood at 116.2 June 15. If it reaches 116.6 by Nov. 15, steel wages will go up one cent.

• **The coal industry.** If John L. Lewis wins a large wage boost for his miners, the price of coal doubtless will go up, and this may not have been fully allowed for in the steel price increase.

• **The scrap market.** The average composite price in June was about \$46. Last week it averaged over \$53.

With such volatility in steel's costs and so little fat in its price boost, no steel buyer can safely assume that prices are set from now till next July 1.

• **The Reasons Why**—Guessing as to why U.S. Steel held its price boost so low ranges wide, indeed. Certainly one major reason was the corporation's long-known antipathy to contributing unnecessarily to further inflation. Doubtless another consideration was this year's Presidential election. In Pittsburgh, you can find people who believe that the United Steelworkers blew an effective whistle, some weeks back, when it argued in its study, "Profits, Productivity, Prices and Wages," that steel prices have risen faster than justified by wage increases if higher productivity is taken into account. In addition,

steel has been under considerable pressure from customers to keep prices in line.

• **Price Setter**—Once you've accepted the fact that U.S. Steel settled for a much smaller price boost than it could have justified under ratios it has developed, endorsed, and used in the past, you can't help but wonder where that leaves the corporation vis-a-vis the remaining 69% of the industry.

The quick answer to that is that it leaves Big Steel in the driver's seat. Here's why:

• For years, U.S. Steel has been insisting that the industry's problems in financing new plant shouldn't be solved by price increases alone. It has insisted that if (1) prices recover all true costs and yield a good profit and, (2) proper depreciation recovers sufficient funds to replace used-up plant—then new capital would be available—from higher retained earnings, higher stock prices and better credit to finance the heavy expansion steel faces.

• **Depreciation**—Thus far, after years of argument on the tax treatment of depreciation, the steel industry still hasn't won its point. That's understandable. For one thing, the industry has been enjoying heavy cash flow from the accelerated amortization permitted on its Korean construction. For most producers, this will continue heavy through 1957 but will pretty well disappear at the end of 1958. While it continues heavy, the industry can't argue that it is having much difficulty in raising cash.

So steel hasn't yet been able to convince Washington that it must have still more depreciation relief now. But U.S. Steel refuses to abandon the fight.

• **No Choice**—That means U.S. Steel competitors, at least until accelerated amortization runs out in 1959, have no option either to accept Big Steel's leadership or to raise prices on their own. When you consider that U.S. Steel has 31% of the capacity, makes virtually every steel product that anyone else makes, and that most steel buy-

ers of any size buy from at least two producers, independent price action becomes pretty unlikely.

• **Upward Adjustments**—It's plain that U.S. Steel's stern price leadership won't freeze prices solid. Steel magazine's finished price index stood at 153.9 in mid-July, 1955, after the post-contract price increase had been made. On July 31, 1956, it stood at 158.5. That boost came from steady, product-by-product increases through the year (chart), aimed at bringing prices tightly into line with costs. Many of these adjustments were made in extra charges, which don't show up on the price sheets but are shown plainly by index numbers.

The year-long price surge started in October, when nonintegrated producers felt the impact of rising scrap prices and boosted plates \$6 per ton. Then Jones & Laughlin raised extras 30¢ to \$1 per 100 lb. on junior beams. Next U.S. Steel revised extras on carbon and electrical sheet and strip. Thereafter, increases came along from numerous producers, affecting hot and cold sheets, standard and line pipe, hot-rolled bars, plates and heavy sheets. In March, U.S. Steel raised tinplate prices 5%, and Kaiser raised most of its prices \$1 per ton to offset freight boosts. Stainless extras and extras on carbon and alloy bars, rods, wire and semi-finished products were raised in May. There'll be more of the same in the next 12 months.

• **Profits**—But there's one aspect of this which may render U.S. Steel's stern price leadership arduous to many competitors. That's profitability. In recent years, U.S. Steel has been improving its earnings as a per cent of sales faster than the industry as a whole—and its major competitors.

An anti-inflationary stand that seems like the essence of corporate morality to a company earning 9% on sales could easily appear to be vicious competition to a producer earning half that much. And exactly 25% of a group which produced more than 90% of our steel last year earned less than 4.5% on sales in 1955—the fattest year in steel's history.



JAMES J. NANCE gives way as S-P president to . . .



HAROLD CHURCHILL, who inherits a shrunken company.

Another Chance for Studebaker-

This week an "Under New Management" sign was hung on the Studebaker-Packard Corp., and Roy T. Hurley (cover), chairman and president of Curtiss-Wright Corp., got set for one last stab at keeping on the road two of the auto industry's oldest nameplates.

By the time Hurley and James J. Nance, president of Studebaker-Packard, signed the papers last Monday there was no longer any suspense in the deal by which C-W now takes over management of S-P and may eventually take over ownership as well:

- Nance resigns, and Harold Churchill becomes president of a smaller Studebaker-Packard Corp.

- Curtiss-Wright buys the Aerophysics Development Corp., a Santa Barbara (Calif.) subsidiary of S-P that has developed a new anti-tank missile; it also buys "certain defense assets."

- Curtiss-Wright leases S-P's Utica (Mich.) engine plant and the Chippewa Street South Bend truck plant, both for defense production.

- Curtiss-Wright pays S-P a total of \$35-million in rentals and purchase price (\$25-million in advance lease payments was handed over on Monday).

- Curtiss-Wright gets an option to buy, within two years, 5-million shares

of unissued S-P stock at \$5 a share (last week's closing price: \$7.75), if S-P stockholders approve. This could pave the way for merger of the two companies.

- Studebaker-Packard continues to operate as a separate entity in South Bend, but with Hurley's Curtiss-Wright Corp. calling the shots under a three-year "advisory" management contract.

This puts squarely up to Hurley whether S-P, which piled up more than \$14-million in losses in the first quarter of this year, will continue in the auto business.

I. Still in Autos?

The answer, it appears this week, is a qualified yes.

Hurley told the bankers who have extended S-P a line of credit that he intended to stay in the auto business. This week, showing off a new research center in Pennsylvania, he said: "There will be a Studebaker and a Packard name on the road." For 1957, Studebaker plans are well along, he added, but there is no decision on what to do about the Packard. To insiders, this means that instead of being a full-line auto company, S-P in 1957 will shrink to one line, probably Studebaker.

Hurley's problem then would be the one that got Hudson, Nash, Studebaker, and Packard into trouble in the first place: one line of cars trying to compete with the Big Three, whose various lines feed each other and split the overhead five ways.

To balance this, Hurley has one big counter—defense business. From C-W's present backlog of about \$600-million and from new military orders he expects to get, he could throw enough subcontracts to Studebaker to carry a large portion of the overhead.

- **Market Pitch**—For the dealers, Hurley may have another carrot. In announcing the deal with Studebaker-Packard, C-W disclosed it is also negotiating with Daimler-Benz A. G. of Germany. Knowledgeable German sources say this would be a mutual sales and service arrangement, with Daimler-Benz pushing Studebaker sales in Europe, and C-W eventually opening the 2,000-odd Studebaker and Packard showrooms to Benz's full line of Mercedes cars and the "Unimoc," a Jeep-like vehicle.

But there would be more to the C-W and Benz deal. Mercedes has a well-proven fuel injection system, a method of fuel distribution for which American stylists have been panting because it



Roy T. Hurley (above), president of Curtiss-Wright Corp., took the old but ailing Studebaker-Packard Corp. under his wing this week.

Packard

makes possible lower silhouettes. There is no evidence in Detroit right now of a practical domestic automotive fuel injection system; reportedly both Ford and General Motors have been trying to lock up the rights to the Benz device. Now C-W seems to have the inside track.

In return, S-P has a highly regarded automatic transmission to offer Mercedes, which now uses a Borg-Warner transmission. If S-P cars can come out in 1957 or 1958 with the Mercedes fuel system, it would be a decided marketing point.

- **New Line-Up**—At midweek, Hurley seemed to be thinking along these lines for 1957:

- **Dump the Packard**, but perhaps retain the nameplate of the Studebaker President. 1956 Packard production has ended, and there are no suppliers' orders out for future Packard production.

- **Use the \$25-million advance** from C-W for a Studebaker facelift.

- **Through Mercedes**, give the dealers a high-priced line to sell.

- **Perhaps re-offer the big Packard** in 1958, styled along the lines of the "Predictor" dream car that has roused high interest at auto shows.

- **Cautious Hope**—Already the C-W-

S-P deal has done one thing that's important in the auto business: It has given the dealers a lift. **BUSINESS WEEK** reporters who talked to Studebaker-Packard dealers this week found a general air of cautious optimism.

"The fact that people have the feeling the factory is on a firm foundation will help us more than anything," says a Los Angeles Studebaker dealer. And another dealer, retailing Packards, adds: "A man like Hurley at the head of things will do wonders for the company."

In Atlanta, a dealer says: "For six or eight months now, people have been asking if the company were going to be making cars or not this time next year. In the last couple of weeks, since it seemed fairly certain that the company was going to get together with Curtiss-Wright, I've noticed a great deal more interest on the part of prospects."

Generally, the dealers feel the new arrangement is good, though they are bitterly critical of the cliff-hanging suspense that attended it, feeling that the dragged-out discussions unsettled prospects' minds right at the best selling time of the year. Some say they are dropping their franchises. But as the inside story unfolds, it becomes plain that the Curtiss-Wright-Studebaker-Packard deal couldn't be arranged overnight. S-P didn't get into its troubles overnight.

Actually, S-P's troubles go back to the absence of what now has swung the deal: defense contracts. The finishing touch was its failure to obtain a loan of \$50-million which Studebaker-Packard thought its record merited.

II. Defenseless

Studebaker and Packard arranged to merge in the summer of 1954. They both had lost big defense contracts, and one of Nance's major premises was that the merged company must have important defense contracts. It made progress, but it never got back the equivalent of what it had lost.

- **Working Capital**—Looking at the balance sheet in midsummer of 1954, Nance was uneasy about the working capital of approximately \$60-million. He thought that the merged concern should start off by borrowing another \$50-million. Investment houses counseled against this, saying the money market was not right.

Nance had a three-year program for management reorganization, plant reorganization, product advancement, and improved Studebaker labor relations (BW-May '56, p28). He budgeted for losses in 1954 and 1955 and for an even break in 1956. Under that program the \$50-million would not be needed until 1956.

- **Progress**—By last December, Nance

could report success in everything he had attempted. He was only about 5% off in his forecast of the 1955 loss, which turned out to be \$29-million instead of about \$27.5-million.

Even this large splash of red ink indicated progress. Studebaker had suffered severely in 1954. Its actual losses never have been revealed officially, but by piecing together announced figures you can see a 1954 Studebaker loss of about \$55-million. As separate companies, the two would have come out of 1954 with losses totaling about \$75-million. Thus, in one year, Nance had been able to cut the loss by more than 60%.

- **Time of Need**—In 1956, though, Nance needed the \$50-million—part of it for a new merchandising and dealer-aids campaign, the balance for tooling a 1957 line of cars in which Packard and Studebaker would at last begin to benefit from interchangeability of parts at great cost savings. Having hit his three-year forecast nearly square on the head, Nance didn't expect difficulty in borrowing the money from insurance companies.

But the money sources had been studying the auto market hard. They saw General Motors producing about 56% of all cars, and a dealer inventory figure climbing toward 900,000 cars. On Jan. 20, the loan was refused. Ironically, Nance, who had built his reputation as a merchandiser, never got a chance to operate in that area; instead he had to chase money and salvation for his company.

Investment houses in New York put Nance and Hurley in touch with each other. Why did Curtiss-Wright want to get involved? Again, the key is defense business.

On the basis of 1955 sales of \$508-million and a Jan. 1 defense backlog of \$601-million, C-W is rapidly whittling away its current contracts. A Pentagon official says, "It can always use more business . . . and at this time more than any other aircraft company."

III. Curtiss-Wright

By buying Aerophysics from Studebaker-Packard, C-W gets access to the "Dart," the anti-tank guided missile. This is a small contract now, but it holds promise of at least \$100-million in production orders. Further, with bigger facilities (the Utica and South Bend plants) C-W has been led to believe it will get bigger defense orders.

- **A Favor**—But there was a consideration even more overwhelming. For a variety of reasons, mostly political, government officials do not want Studebaker-Packard to be forced out of the auto business—at least not now. But there are very few companies large enough to swallow it or even work out

the type of arrangement agreed to by Curtiss-Wright. In addition, as long as GM and Ford hammer away at each other, the Detroit battlefield is unhealthy for any companies caught between them.

So, in a sense, Roy Hurley is doing the Administration a favor by rushing to the rescue of Studebaker-Packard. And for a company that "can always use" more government business, that's not a cavalier gesture.

• **A Bargain**—It's not all altruism, though. It was a good bargain for 60-year-old Roy Hurley, who is noted as a hard bargainer.

Hurley is no stranger to the auto business. For 12 years he was manufacturing vice-president of Bendix Aviation Corp., and he was director of manufacturing engineering for Ford in 1948-49 before being brought in to straighten out Curtiss-Wright.

In C-W he found a disorganized company, loaded with cash but not with contracts. In seven years of uncompromising efficiency in the plant and tough negotiation in Washington, he has built C-W to its present important role as a defense contractor. The S-P deal was delayed for months by his insistence on trying to get some kind of ironclad guarantee of more defense contracts—which he apparently failed to get.

However, for an outlay of \$35-million, C-W gets two first-class modern plants and a going contract for guided missiles. It also gets the possibility of important tax savings.

• **Remaining Steps**—S-P has losses of about \$100-million. For these to be used for tax purposes in offsetting C-W profits, the two companies will have to merge. This would seem to be good business only if S-P's losses can be shut off.

Steps already have been taken to do this. Packard in Detroit has been closed down for all practical purposes. The executive staff has gone; Packard production in a plant leased from Chrysler Corp. has been discontinued. Now C-W takes over the Utica plant and all auto work that's been done there can be moved to South Bend. In one plant, with defense business, S-P may be able to shrink down at least to a break-even position within two years.

And during that time, C-W has the option to pick up those 5-million shares of stock. So, if S-P can be turned around in that period (under the tax laws it could change the character of its business and drop out of the auto field or even become a corporate shell), Curtiss-Wright will be able to take over stock ownership and, with it, a fat tax loss.

But for now, as an insider said this week: "It's love without marriage."

Suez Turns Into a

This week the world woke up to the full dimensions and implications of the Suez crisis. The possible consequences of Egyptian Dictator Nasser's coup almost overshadow the arbitrary nationalization of the Suez Canal Co. itself.

In the West, Britain and France are building up their military strength in the Eastern Mediterranean, have made it clear beyond doubt that they will under no circumstances yield to Nasser. Nevertheless, emphasis on military action as the only answer to the emergency seems to be waning now that the initial shock of Egypt's grab of the canal is wearing off.

Secy. of State John Foster Dulles refuses to commit the U.S. to military action if the London conference next week fails. He implies that joint U.S.-British-French economic pressure should be used.

In the East, most Asian and Near Eastern countries are lining up behind Nasser. Moscow is backing Cairo diplomatically and through propaganda. And already there has been one clear example of the reaction Nasser's high-handed move is producing in all the former colonial countries: Indonesia this week denounced its outstanding debts to Holland, which it agreed to pay when it won independence five years ago (page 121).

• **What's Ahead**—These moves on both sides of the world prove:

• There is no hope of localizing the Suez controversy. It is a conflict with worldwide complications—involving not just the maritime powers to whom the canal is crucial.

• The West faces the "Bandoeng Bloc" of Near East and Asian countries that in many situations operates as a tacit ally of the Soviet. In any issue that involves what the Afro-Asians consider "imperialism" they will line up against the West, whatever the facts of the issue may be.

• There's imminent danger that leaders of Arab and Asian nationalistic movements will turn to seizure, without compensation, of Western investment in their parts of the world. At stake are not only the established oil investments in the Near East (map), but any future Western investment—private or government-to-government—from Casablanca to Hong Kong.

• There's no doubt that Russia will cash in if Nasser gets away with his nationalization of the Suez Canal Co. and his grab for unrestricted Egyptian sovereignty over the canal. Weakened Western influence in the Near East and Asia, a Cairo government with new prestige chained to Moscow, and a per-

manent threat to Europe's oil supplies would all redound to Moscow's benefit.

All this means that Washington and London must reappraise the basis of their Near Eastern and Asian policies. It's a safe guess that the continuation of present U.S. foreign economic policy—aid to underdeveloped countries, liberalized world trade, and encouragement of private U.S. investment overseas—depends on a constructive solution of the Suez controversy. British Commonwealth policy in Southeast Asia, particularly the attempt to aid underdeveloped countries through the Colombo Plan, will come under heavy strain.

• **Angered France**—France occupies a special position in the conflict. Its government believes that a victory for Nasser will make French defeat in Algeria inevitable. That's why France seems to be more belligerent—even than Britain.

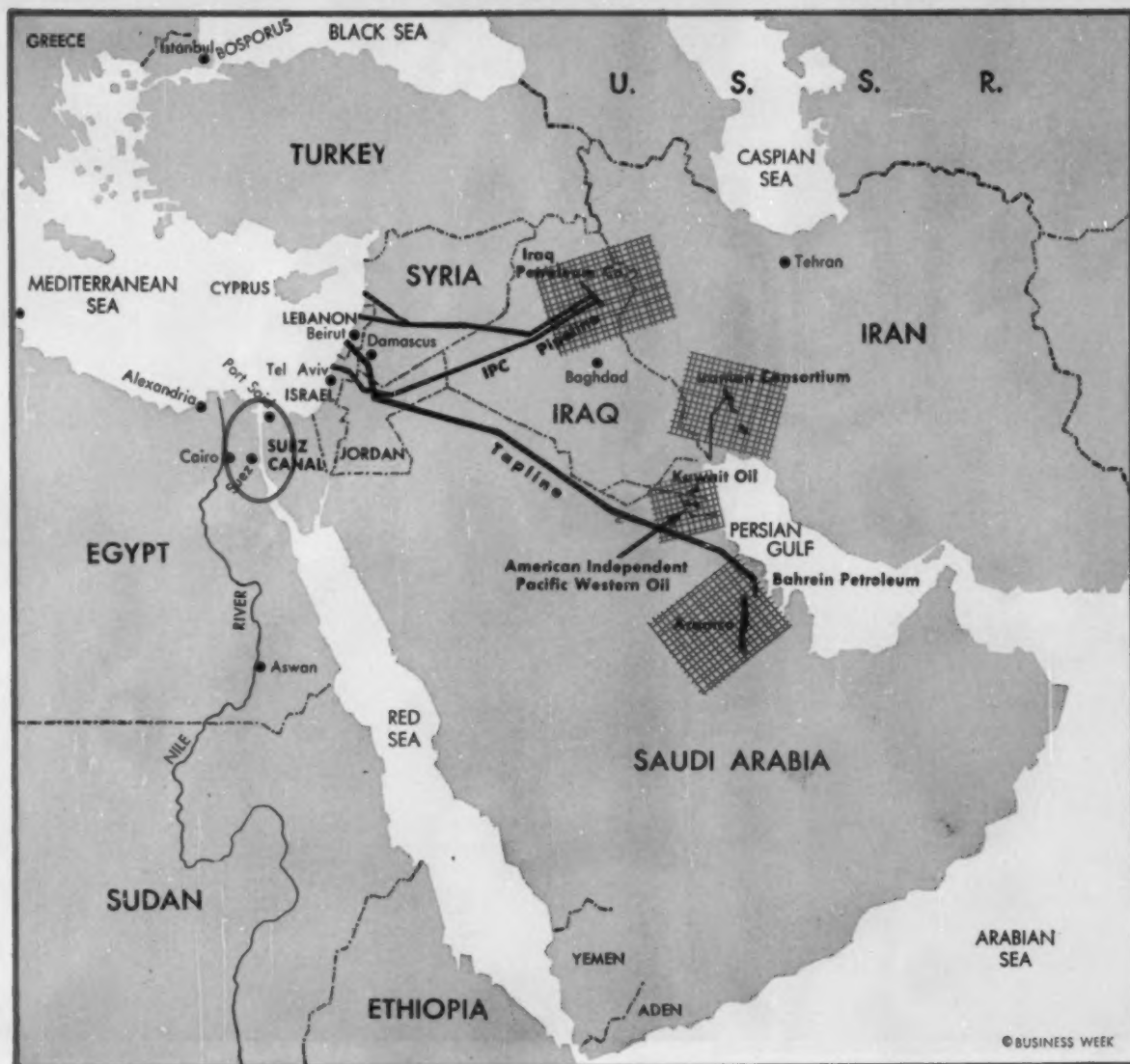
It is indeed Nasser's imperialistic ambitions—more than the Suez nationalization—that make it hard to find an equitable formula for settling the conflict over the canal, that dim the prospects of the Aug. 16 London conference. Nasser has boasted that he is not just Egypt's president, but the leader of a revolution that has its own ends, uses its own means. That's why the Western powers conclude that Nasser's guarantees of unrestricted navigation of the canal are worthless.

• **Plans**—The West is insisting that Egypt agree to a new international convention defining Egyptian and world rights to the canal. The Western powers are unanimous that the heart of such a convention should be a new Suez canal company run as an international utility. But how such a convention would be drawn up and how it would function are problems still in the hands of Allied negotiators.

The British and French maintain the new Suez company—in which Egypt would occupy an important position—should have the same prerogatives as the old company, plus the responsibility of paying off the old company's shareholders. The main difference between this and the old company: The net profits would go entirely to the Egyptian government.

However, a more liberal plan may come out of the London conference. This plan would give Nasser's nationalized canal company a bigger hand in actual management of the canal. The functions of the international contractual body would be narrower, emphasizing control of the canal management rather than management itself.

Long, Hard Struggle for the West



No Western power would object if such a convention should be put under the charge of the United Nations. But an Indian proposal that would limit international control to an advisory panel under U. N. auspices and attached to the Egyptian nationalized company has no chance of acceptance by the West.

• **Moscow's Hand**—One solid ground for the West's objection is that evidence of close Cairo-Moscow tactical cooperation is now overwhelming. Any important statement coming out of Cairo has been preceded by conferences between Nasser and the Soviet ambassador.

As things stand now, Egypt will not participate in the London conference.

The strategy that Cairo—with Moscow's advice—seems to be following is to:

- Deny the Western powers have any right to sit on problems of the Suez Canal Co. or of the waterway itself. They denounce all Western action as "illegal," seek to muddy the waters by introducing the questions of international control of other waterways like Panama, the Straits of Gibraltar, the Bosphorus, and the Kiel Canal.

- Soften the attitude of some Western powers by announcing that canal profits won't after all, be taken from canal maintenance funds and used to build the Aswan Dam.

- Call on the U. N. Security Council, or possibly the General As-

sembly, to act against Anglo-French "threats of aggression" against Egypt.

- Accept finally the Indian proposal, or a variation of it.

- Let ships keep moving through the canal even though 80% to 90% of canal tolls are now being paid into the frozen London, Paris, and New York accounts of either the old canal company or Nasser's new nationalized company.

This diplomatic game sets the stage for the London conference next week. It will mark a turning point in relations between the West and the African-Asian world. That's why no solution of the Suez Canal problem can be expected quickly. A long and difficult crisis period lies ahead.



Maternity Dresses —

AMONG FIRSTS, add this: in the fleshly bistros of New York, a chorus line performing in maternity garments—to the enthusiastic applause of the audience.

Maternity garments (above) are not the only unique feature of the 70-min. tabloid revue being presented at New York's Versailles, a swank restaurant-night club on Manhattan's east side. For though audiences watch it as simple entertainment, it's really a sponsored style show. Manufacturers and retailers are putting up anywhere from \$100 to \$1,000 a week each to have their latest

designs strutted before the restaurant's well-heeled patrons.

• **Subtle Approach**—Fashion shows are as old as time, but one presented as commercial entertainment in a night club for paying customers—a couple dining at the Versailles would probably average about \$40—is an innovation.

The new approach to subtle selling is the brainchild of Jan Brewster, a radio and TV producer, who got tired of watching clothes displayed by ultra-thin mannequins languidly parading down a runway.

Working with a song-writing team,



SCENE New York's swank Versailles is entertaining its restaurant-night club patrons with a sponsored style show.



FLOWERS Bridal bouquet is a prop in a song-and-dance routine in the fashion-minded floor show.



SHOES Every item of apparel—even footwear, which is apt to get lost in the shuffle—gets the spotlight.



SWIMSUITS Latest beach garb, including the kind that doesn't go near the water, turns up in revue's chorus line.

ESQUIRE What the well-dressed man will wear—set to music—is designed to send patrons scurrying to the nearest haberdashery.



and Sponsors — Hit a Night Club

she concocted a fast, breezy revue, with a story line frankly revolving around the theme of a fashion show. A cast was picked from everyday boy-and-girl types, who could sing and dance well, rather than professional models.

• **Nailing the Sponsors**—At the same time, Miss Brewster lined up 32 sponsors, ranging from clothing manufacturers to florists. Suppliers are used to being touched for products in exchange for program credits; now they were being asked not only to costume a show—well over 100 different complete outfits are involved—for free, but also to

pay for the privilege. Persuasion was something of a chore.

Miss Brewster then persuaded Nick Prounis, owner of the Versailles, to let her put the show on for two weeks, during the cocktail hour, as an experiment.

The restaurant had never before opened for afternoon cocktail trade. But word of mouth brought such surprising business that Prounis decided to move the revue up as a regular twice-nightly show. Today, he says, though the revue makes no bones about the fact that it's selling clothes, it's drawing more busi-

ness than his "pure entertainment" revue last summer—and he plans to keep it on indefinitely.

• **The Tab**—Currently the show has 22 sponsors, who pay in proportion to the amount of display their products get. The restaurant picks up part of the cost. The balance—and a profit for Miss Brewster—comes from the sponsors, who include Ceil Chapman, Whitehouse & Hardy, Schiaparelli, Catalina Swim Suits, I. Miller, Trifari.

For their money—and merchandise—the only direct plug the sponsors get is identification in the printed program



PRODUCER Jan Brewster (center) puts the final touch on the sponsors' wares.

with the number in which their product is used. But sponsors aren't complaining. For one thing, they can get a new style show as soon as it's ready, by simply substituting clothing without affecting the format of the show. And the night club is one of the regular ports of call for both local and out-of-town apparel buyers.

Some tales, possibly apocryphal, are already surrounding the show—such as the one about the Texas oil wife who tried to buy a fur coat off the back of one of the dancers.

- **Coverage**—Though it moves fast, the production is designed to call attention, at one point or another, to every item being worn—from furs to jewelry. For instance, to rivet attention to easily overlooked footwear, the action calls for a pair of plane tickets to be pulled from a singer's shoe. Costumes include nightwear, travel clothes, bathing suits, formal dress, even maternity garments.

One sponsor calls it the "best method of display I've ever seen. Costs are negligible—we pay more for a single showroom model—and this way our things are shown to high-spending audiences when they're at their most receptive. And they're shown on types and under situations that customers can relate themselves to, not simply on mannequins in a showroom."

William H. Scheer, vice-president of Whitehouse & Hardy, a chain of upper-bracket menswear stores, is even more enthusiastic. Since W&H had outfitted all the men in the show, it's presumably one of the highest-paying sponsors. But, says Scheer, having the clothing shown this way "has generated far more new business than it costs."

The revue may even set a new style in fashion display. Several hotels and department stores around the country are now bidding for second companies, for either individual, or joint tie-in, production. And there's talk of amplifying the revue for full-length Broadway production, with tickets about one-third the price of current Broadway musicals.

In Housing: A Long Slowdown

- Tight credit is one of the factors pulling 1956's housing industry back from record output.

- But it isn't the only factor; the industry itself is changing its goals.

- Now it's out to build higher-priced homes, and middle-income buyers can't meet the costs.

The year-long soft market in housing is getting still softer. Fewer and fewer new houses are going up. Last year, more than 1.3-million new houses were built. All through this year, the rate has been sliding steadily, and the slide continues.

Behind the slip lie these factors:

- **Tight credit.** It's not so much the lack of demand for mortgage loans as the lack of credit to meet the demand that's hitting the housing industry.

- A fundamental change inside the industry itself. What seems to be taking shape is a switch from the home builders' high-volume, low-price business of early postwar years to a lower-volume, higher-price operation.

As a result, low and middle income groups are being priced out of the market—choking off the demand of the largest potential group of buyers.

It's hard to tell just how much of the slide in housing can be attributed to each of these factors. But their joint effect is plain enough.

- **Continuing Dip**—Over the past six years, the building industry has completed an annual average of 1.2-million new homes. Last year, more than 1.3-million new dwellings went up. But by June this year, the official seasonally-adjusted rate dipped to 1.1-million starts. Advance indicators point to a continued decline. New applications for commitments and appraisals from the Veterans Administration and the Federal Housing Authority dropped drastically in June.

Housing officials are now talking privately of a possible drop to below 1-million. And some of the gloomier builders and their associations are muttering about a fall to only 800,000—the rate at which they operated in the 1940s.

- **No Catastrophe**—For years, the industry has worried that if its business dipped below 1-million starts a year, the result would be catastrophe.

But today most builders around the country seem untroubled. One big reason for their complacency is that the percentage slip in dollar volume of new housing this year is less than half that of housing starts. Builders everywhere

are moving toward houses in upper price ranges—especially those above \$20,000—and these are selling faster than ever.

So far, demand for construction labor and materials has been sustained by the new boom in industrial, commercial, and highway building. But current weaknesses in appliance and furniture markets is to some degree a reflection of the lower home-building rate.

I. How Decline Hits

This is the picture that emerged last week as **BUSINESS WEEK** reporters interviewed builders, bankers, and housing officials:

- Sales of new houses are off sharply from last year, more so than the official figures indicate, since many houses today are still started on speculation, ahead of sales.

- Many builders assume there'll be an upsurge in the fall. The most frequently offered reason: "In an election year, the government will do something." (Bankers and housing officials generally don't go along with this.)

- The majority of builders interviewed plan to cut production further for the rest of the year—anywhere from 5% to 50% from their first-half rates. This applies even in areas where bad weather held up early construction, and in the few sections where first-half sales matched year-ago figures.

The consistent theme of tough credit, saturation, and prices runs through all builders' reports. And repeatedly there's this plaint: "The public is backing away. They either can't afford the houses, or want more value in them than is being offered for the price."

- **City by City**—Here's some of the surface picture:

New York metropolitan area (including Long Island, northern New Jersey and Westchester): Sales are off 40% so far this year. Some pickup is expected in the fall, but the best that builders hope for is to end this year with a volume 25% behind 1955.

Denver: Starts were off 34% in first half. No particular pickup is expected for the rest of the year.

Dallas: Building is off about 40%. Last year, 16,000 new units were put

Thieves in your factory

WORSE for you than pilfering, sabotage or willful waste is the old machine in your plant, producing less than its newest counterpart could do. You'd put a quick stop to thievery; better stop this worst thief of all. For remember—in your competitor's plant may be modern machines, producing at 30% to 40% lower cost.

Comes the slightest touch of tough times, and whose plant gets the orders?

"In times of (economic) peace, prepare for war." Then, if the economic "war" comes, you have extra profit as well as the security. You can't lose.



Electro-Cycle Lathe producing brass valve bodies. Electro-Cycle is a registered trade name.

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up in the Dallas metropolitan area. Current betting is for a 9,000-unit total for all 1956.

San Francisco area: New home applications to FHA were down 45% in the first six months. VA applications on all types of housing (new, resale, and multi-unit) were down 27% in the first six months, and had slipped 30% in July.

Milwaukee: Running counter to the national trend, sales were up 11% in the first half. But now they're slowing down considerably, and builders expect, at best, to finish 1950 even with last year.

Phoenix: Business picked up last month, lifting some of the gloom of a 50% drop in sales in the first six months. But the full year's sales are expected to be well behind 1955.

Chicago: Until May, sales ran even with last year but there has been a steady turndown since. At present, completions are running 10% behind last year.

If the trend continues, the industry at best probably won't put up more than 1-million homes this year.

II. Where Credit Pinches

In this slowdown, tight credit is undoubtedly a major factor.

The problem has two roots. Most banks today are profoundly uninterested in committing long-term money for VA and FHA mortgages when they can get higher interest rates on other loans.

Even though rates on conventional mortgage loans are creeping up to 5½% and 6%, many banks have adopted a policy of "old customers first." And the bankers' consensus is that they won't be making larger amounts of housing money available in the near future.

At that, though, most builders concede they have no real trouble getting commitments—although they are paying discounts anywhere from 1% to 9% on VA and FHA money. Their biggest trouble is getting their prospective buyers qualified for individual loans.

• **Rejections**—A big Eastern builder says: "Downpayments are no trouble. Customers come in waving the cash in their hot little fists. But almost a third of the applications I forward to the banks bounce back, rejected."

That story comes from all over. At price ranges under \$20,000, between 10% and 40% of would-be buyers' applications for mortgage credit are being rejected, builders maintain.

A Southwestern banker explains: "There's no good reason today for lending to marginal cases. So many buyers are so far in hock . . . that, no matter what they think, they really can't handle the mortgages they're asking for."

But bankers throughout the country, faced with tightening credit over the last six months, have been rationing loans to all potential borrowers—particularly to mortgage borrowers.

Meanwhile, builders who hope for a pick-up in the fall base most of their expectation on the assumption that "the Administration will have to do something about loosening credit before the elections."

• **No Moves**—Washington, however, seems in no hurry to move. There has been some talk in the Administration of easing the scale of downpayments by the 2% they were raised a year ago. But bankers are almost unanimous that they'd be even more hesitant on individual loans if downpayments were further reduced.

Both the Administration and the Federal Reserve, right now, seem more concerned about controlling possible inflation than about pouring out more credit. There's no intention of taking or inspiring, radical action.

Besides, say the Washington hands, there's nothing the Administration can do just yet, except for cutting the 2% from downpayments or making other minor changes in regulations that would have even less effect.

All this means that housing credit probably will get even tighter for the rest of the year. But credit is only one of the millstones grinding this market thin.

III. The Changing Market

A detailed breakdown of the decline isn't available, but an NAHB estimate puts 80% of the drop in VA and FHA categories—largely those in the under-\$15,000 range.

Many builders say the veterans' market is no longer important enough to justify the red-tape it involves. They're moving more into higher-price operations, avoiding the financing problems that plague them when they put up low-price homes.

"If they're putting up fewer, they're making a higher profit on each house they build. The majority of a builder's customers now are second- and third-buyers—they're selling the houses they already own, using that equity for substantial downpayments. In at least three of the markets where the decline has been greatest—New York, California, and Texas—builders don't name credit as the chief villain."

• **Prices**—From all over come reports that the \$12,000-and-under house is disappearing from the new market; that within another year the under-\$15,000 house will go the same way.

The fact is that the middle-income group, which has supported the housing industry so strongly since 1946, is being priced out of the market. Though the

demand of this group is still high, there are fewer and fewer new houses for them to buy.

• **New York's Pinch**—In the New York metropolitan area—where financing comes at par and where there's a stable high-income population whose individual loan rejection rate has been low—sales are off 40% from last year. On the West Coast and in the Southwest, builders speak sympathetically of bankers' lending policies but complain of "saturation."

What they seem to mean, however, is climbing prices.

The situation in the New York area is pretty much a basic one all over the country. Labor, material, and land costs have gone up steadily. Close-in land is gone, and new restrictions by communities are skyrocketing the cost of outlying raw land. Tax rates are rising as new populations force up the cost of community services. Commutation rates are still going up.

Says one housing expert in this area: "Today the average low-price house going up in reasonably close-in territory is over \$20,000."

"Assume a man can get a VA mortgage on a \$20,000 house with a minimum downpayment of \$1,000. By the time he makes his payments on the mortgages, taxes, insurance, heat and utilities and commutation costs, he's up to \$185 a month. That's before his landscaping and maintenance costs. Even if he can put down as much as \$5,000, his monthly costs still run over \$165. So his minimum income has to be over \$10,000 to afford it. There are lots of people making over \$10,000—and they're buying—but there aren't enough of them to support the number of houses we're used to selling."

• **Other Cities**—A Midwestern builder says: "Most of our people can't afford the prices being charged—and those who can afford it won't pay it for what they're offered."

For that reason, some in the industry question whether the easing of credit would be a major stimulation, as long as location and price problems remain. Easy credit or no, it's no longer possible to pick up a tract of raw land, throw up houses and sell.

• **Few Hurt**—This year, the builders being hurt are those who put up large numbers of medium-priced homes on speculation and have many still unsold. The vast majority of builders have been erecting model homes, then starting construction of new ones only after firm sales contracts have been signed—so most are feeling little personal pain. The number of completed but unsold houses today may be greater than at any time since the end of the war—but builders expect to clear inventory by reducing new starts before the year is out.

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In Business

. . .

U.S. Sees Victory In Legal War For Right to Sell General Aniline

Government lawyers were convinced this week that they had won their eight-year battle for the right to sell General Aniline & Film Corp., the richest World War II seizure as enemy alien property.

They based their belief on an order by Judge Bolitha Laws in Washington district court dismissing the suit in which return of the GAF stock was demanded by Interhandel A. G., a Swiss holding company. In effect, the government lawyers say that Interhandel has now been tossed out of court to stay, and that they can settle down to the elaborate details of putting the government's GAF stock holdings—valued at between \$100-million and \$150-million—up for sale.

Interhandel's lawyers, and various individual GAF stockholders, claim that they are a long way from ultimate legal defeat. They have already started assorted moves to upset Judge Laws' decision, and they express confidence that they will be able to block disposal of the fast-growing chemical company, whose sales this year are expected to reach \$120-million.

. . .

Eisenhower Signs Experimental Bill For Flood Insurance by U.S.

Pres. Eisenhower this week signed a bill putting the government experimentally into the business of flood insurance. Among the clauses:

- The government will offer \$250,000 maximum coverage per business, and \$10,000 per residence, at rates not yet established.
- The government will pay 40% of the premium, with the buyer paying the rest.
- An alternative program offers to sell the right to a guaranteed government loan to offset flood damage.

In signing, Eisenhower said the bill sought to show private industry the way to set up flood insurance.

. . .

Oil Men, Bankers Eye Legal Battle By Guaranty Trust to Sell Company

Banking and independent oil interests this week cocked wary eyes at a case turned over for hearings before a New York Supreme Court referee.

At stake was the petition filed by the Guaranty Trust Co. of New York for permission to sell the stock of Universal Oil Products Co., on behalf of the owner, the nonprofit Petroleum Research Fund of the American Chemical Society. As trustee for the fund, Guaranty asks a 10% commission, which might amount to \$5-million or more.

The state Attorney General's office is opposing the fee, calling it "grossly excessive and unreasonable." Apparently, it fears the setting of another precedent for very high trustee fees.

Oil men also drew cards when the independent Refiners Assn. asked the right to contest the sale of Universal, which holds many basic refining patents. Such a sale, IRA argued, might injure its members, nearly all of whom use Universal patents.

Universal owns no oil fields, does no commercial refining, but designs and builds refinery equipment through its wholly owned subsidiary, Procon, Inc. Most of its income is from patents.

Founded in 1914, Universal was sold for \$25-million in 1931 to a group of oil companies including Jersey Standard and Texaco. Harassed by patent infringement suits and fearing antitrust action, the owners in 1944 gave Universal to the Petroleum Research Fund. Guaranty Trust, as trustee, then acquired new patents and generally strengthened Universal's position.

Now, in its petition to sell, Guaranty says its main reason is to diversify PRF's holdings and increase its profits. The American Chemical Society agrees, adding that Guaranty's fee is "fair and reasonable compensation for the outstanding services . . . performed."

. . .

Stockholm's Owners Blame Doria, Sue to Escape Liability in Sinking

The Swedish American Line this week fired the first major salvo in what is certain to be a furious legal war over the sinking of the Italian liner Andrea Doria after a collision with SAL's motorship Stockholm (BW-Aug. 4 '56, p28).

A line official disclaimed all blame for the disaster, which he said came when the Doria swung sharply across the Stockholm's bow. He accused the Doria's personnel of a long list of negligences and faults. At the same time the Swedish line began legal action in federal court in New York aimed at freeing it from all liability.

At midweek, the Italian line had not taken any legal counter-action, but a spokesman, in a hastily prepared statement, said the Swedish charges had omitted essential facts.

. . .

Industrialization, a Lot More People Predicted for Washington, D. C.

The Washington, D. C., area—a one-industry spot with 38% of employment in government—is headed for some real industrialization.

So says a study prepared by the Council for Economic & Industry Research, Inc., for the planning commissions of the city and the region around it. CEIR says that by 1980 it can be "reasonably" expected that local industry will be able to supply half the needs of the area; today it can supply only 15%.

The survey also predicted that population would rise from the present 1.9-million to 3.4-million by 1980, in the process attracting industries that need to be near large markets.

NEW

KAYDON THIN-SHELL NEEDLE BEARINGS

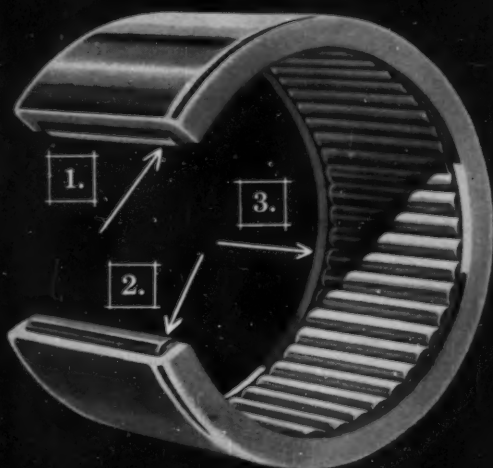
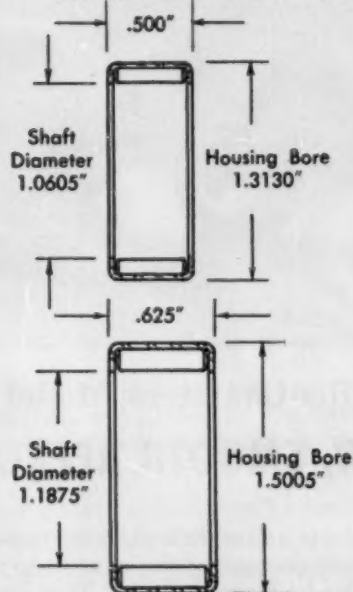


Illustration is 2-times actual size of needle bearing.

Two standard sizes
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You get these Kaydon design advantages:

1. Greater effective length needle rollers for **MORE CAPACITY** (41% on $\frac{1}{2}$ " width)... **LONGER LIFE** (2.8 times as much on $\frac{1}{2}$ " width)
2. Simplified construction that **SAVES** you money
3. Pre-packed lubrication that **SAVES** assembly time

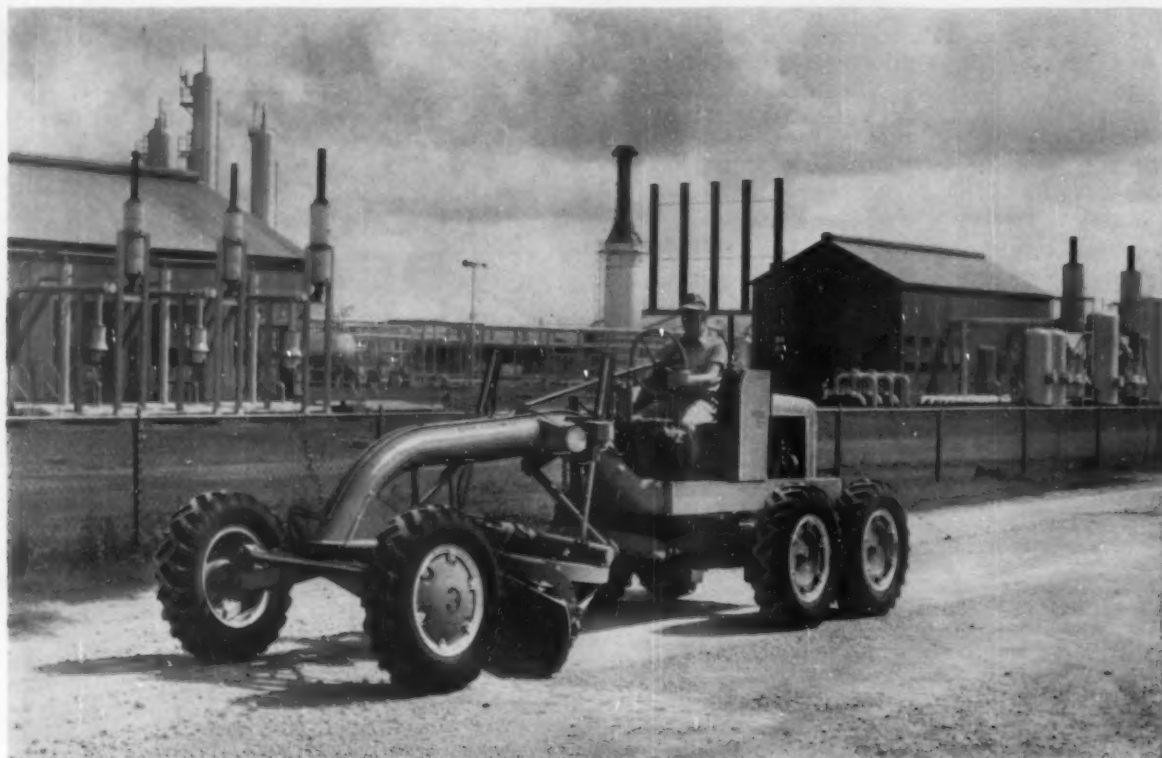
HERE it is! Kaydon's new thin-shell needle bearing. A bearing that gives you more of everything — more capacity... more economy... *plus longer life* than any other comparable bearing, because of greater effective length of spherical end rollers.

This new bearing is ready for you right now from stock in two standard sizes (illustrated). Other sizes will be available later.

For complete specifications, ask for Data Sheet No. K562—write, call or wire Kaydon of Muskegon.

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All types of ball and roller bearings — 4" inside diameter to 124" outside diameter... Taper Roller • Roller Thrust • Roller Radial • Bi-Angular Roller • Spherical Roller • Needle Roller • Ball Radial • Ball Thrust Bearings



Allis-Chalmers Model D motor grader offers A NEW, SMOOTH APPROACH TO PLANT YARD MAINTENANCE

As more plants utilize their yards for storage, more plant managers are discovering the unusual value of an Allis-Chalmers Model D motor grader. They are discovering it is an ideal yard maintenance machine.

The Model D has all the essential design and performance features of motor graders costing up to three times as much. It keeps plant roads and storage areas smooth and well drained as only a full-fledged motor grader can, yet it is compact enough to work easily where larger machines cannot maneuver.

Further, its unusual versatility keeps the Model D working twelve months a year. With a rear-mounted, $\frac{5}{8}$ -yd hydraulic loader, it loads excess dirt from windrows, maintains stockpiles, clears and loads snow . . . handles many other jobs that normally call for specialized equipment.

Ask your Allis-Chalmers construction machinery dealer to show you how the Model D can smooth out your yard maintenance problems, or write for complete literature.

ALLIS-CHALMERS, CONSTRUCTION MACHINERY DIVISION, MILWAUKEE 1, WISCONSIN

MODEL D MOTOR GRADER (Choice of two engines)

	Gasoline	Diesel
Brake hp	50	50
Weight (bare)	8,800	9,350
Four forward speeds	to 25.6 mph	to 25.2 mph
Reverse Speed	to 3.3 mph	to 3.2 mph

Optional Equipment—Power Circle Turn, Leaning Front Wheels, Hydraulic Shiftable Moldboard



ALLIS-CHALMERS



Hydraulic loader attachment greatly increases the usefulness of the Allis-Chalmers Model D motor grader. Other attachments include scarifier, wind-row eliminator, snowplows. Optional cab provides operator comfort the year around.

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
AUG. 11, 1956



Democratic spirits are on the rise. There's still no ring of conviction in Democrats' claims on the eve of the Chicago nominating convention that Pres. Eisenhower will be unseated. But the prospect of avoiding party-splitting battles over the platform and nomination do lift their hopes for a close contest and for retention of House and Senate control.

Stevenson seems sure to win the Presidential nomination.

As for the Vice-Presidential candidate, that will be up to Adlai Stevenson. And the prospect that he will win a first ballot nomination leaves the 1952 standard-bearer with a pretty free hand to pick his running mate. He can pick on the basis of who can add most vote-getting strength to the ticket, rather than on the basis of who can deliver delegates.

The convention will leave noses out of joint, despite the fact that Stevenson forces seem to have things well in hand.

The South will be irked by the civil rights plank, even if it goes no further than to back up the Supreme Court's school desegregation ruling. But odds at this time are against a Southern walkout or any third-party movement of important proportions.

Some key party leaders are hurt—won't hold the bargaining position they had figured on. They needed a deadlock, and Kefauver's withdrawal from the Presidential contest and his switch of votes to his Illinois rival just about wiped out any possible chance of one.

Truman, for example, needed Kefauver in the race if he really intended to try to sidetrack Stevenson with New York's Gov. Harriman.

Rayburn and Johnson of Texas also lost strength. They are for Stevenson. But without a tough fight to put him over, they will have less to say on policies and on the Vice-Presidential spot.

The Democrats will run on a program of out-promising the GOP. This became clear as the Democratic platform committee worked this week. Of course, candidates can always interpret platforms to suit themselves. That has been the record through history, and it's more true than ever this year. With times good and no war, the Democratic nominee will have to make his own issues as he goes along. You can anticipate them.

Farmers will be promised more. The effort will be to show that despite Eisenhower's retreat to higher levels on price supports and despite the soil bank, farmers are still short of getting their "fair share."

The issue of pegging prices at 90% of parity will be revived. And on top of this will be promises of cash benefits to compensate for acreage cuts.

Labor will be promised more. Taft-Hartley revision or repeal no longer appeals to the rank and file. But it will be promised to the leaders, who still see the law as a symbol. They control union money.

A \$1.25 minimum wage, with broader coverage, will be a major goal of the Democrats in bidding for labor strength. The fact that the big opposition to any such move is in the South will be played down.

More liberal social security will figure in. During this Congress,

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
AUG. 11, 1956

Democrats cut the retirement age for women. The next step will be a lower retirement age for men. The long-range goal is benefits at 60.

Business will get something of a going-over. It won't be a return to the old New Deal and Fair Deal whipping post. But the Democrats will offer rougher handling than Eisenhower has given.

You will see it in antitrust threats—a political bid based on claims that big business hurts small business.

And it will show in tax promises—cuts for low income individuals and small business, with a bigger share of tax receipts coming from the rich and big business.

—•—

Will all this bring a Democratic victory in November?

Most Democrats have real doubts. But they are encouraged by the prospect that their party will show more unity than in 1952.

Odds will be against winning the White House from Eisenhower.

They will be better on Congress control. In fact, many Democratic leaders feel that the spending of party funds should be aimed more at holding on to House and Senate majorities than at trying to get the White House.

—•—

On the Republican side, Stassen is having little or no success in getting his dump-Nixon show on the road. Fact is that the whole thing looks more and more like a windmill tilt.

Who backs the move? At the start Stassen hinted about big party names. He hasn't produced them.

How much support has Stassen got? How much money? How many letters? How many telegrams? How many delegates? He just doesn't say.

He has refused to be nailed down on anything. Reporters attending his almost daily press conferences have tried and tried. Stassen ducks and dodges—it's like trying to pin a watermelon seed with your finger.

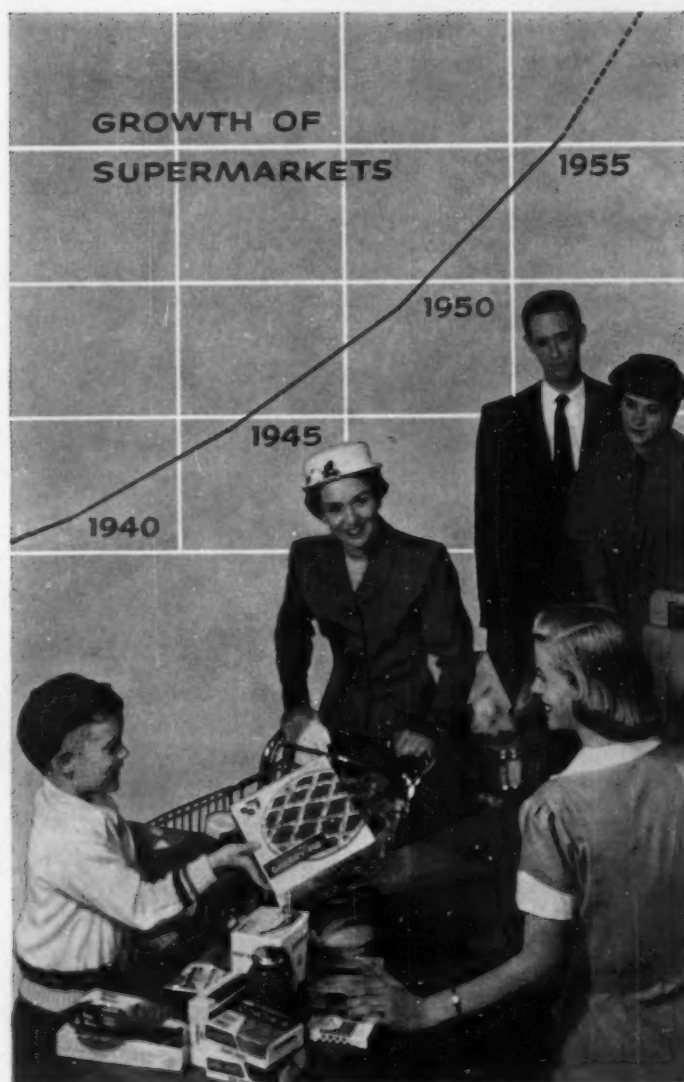
Most widely accepted explanation for Stassen is this: The former "boy governor" of Minnesota is a crusader. His is the liberal side of the GOP. Since his ill-fated bid for the GOP 1948 nomination, he has been on the Republican sideline. He's afraid that renomination of Nixon might put post-Eisenhower control of the party in conservative hands—set Nixon up as the successor. Friends say Stassen counted on other liberal elements in the party to join him, once the Nixon attack was launched. So far, it hasn't happened. It still could, but as the days go by, it seems more and more doubtful.

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The rising price trend (page 23) will get involved in politics.

Living costs, rising for the past four months and now at the highest point ever, threaten to climb more between now and election day. The price trend is the biggest point of concern in current outlook appraisals by Eisenhower's economic advisers. Strong retail sales this summer have about wiped out worries over a possible business slide this year. The worry now is that rising living costs, fed by such things as higher steel wages and prices, will upset Eisenhower's stable dollar policy.

How to start a stampede



All you have to do, apparently, is open the door to any of the country's 20,000 supermarkets—and the mad rush to self-service is on.

The stampede gets bigger all the time. In 1940, supermarkets did a \$2 billion business. In 1955, volume was more than \$20 billion . . . over 55% of all food purchases.

This year, about 2000 new supers a-building . . . one for every three America had just 15 years ago. That's a 40% increase over last year . . . itself an all-time new construction high.

High in the reasons for the spectacular growth of supermarkets: Marathon packages—silent salesmen that sing out "help yourself"—make foods easier to see in the store, easier to serve at home.

What will tomorrow bring? Marathon knows there'll be an even bigger job to do: new ways of packaging new forms of food, new convenience to be built into packages, new types of packages to fit the growing once-a-week shopping pattern.

At Marathon, built-in buying persuasion is as much a part of the package as the paper itself. That's one reason why Marathon is America's leading supplier of food packaging. Another: Marathon controls every step of packaging production from the tree to the finished product.

MARATHON CORPORATION
Menasha, Wisconsin

In Canada: Marathon Packages Limited, Toronto

Things look bright
where MARATHON
goes to market



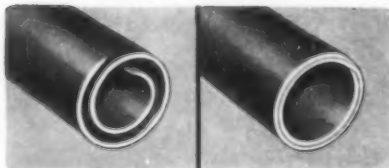
Marathon packages brighten the stores . . .

Northern home products lighten the chores

Sorting out logs in the St. Regis Paper Company's Tacoma, Wash., mill pond, this armor-clad "floating bulldozer" literally butts them into position. Built by the Eddon Boat Company, Gig Harbor, Wash., it uses a Graymarine Lugger 6-244 engine with 2-to-1 reduction, relies on Bundyweld Tubing for oil and fuel lifelines.



Why this "floating bulldozer" relies on lifelines of Bundy Tubing



Bundyweld is the only tubing double-walled from a single steel strip, copper-bonded through 360° of wall contact. Its unique structure makes it amazingly strong and highly versatile.

Bundyweld is uniformly smooth, inside and out; is remarkably resistant to vibration fatigue. Lightweight, it has unusually high bursting strength, can be fabricated easily, bends to shortest radii.

PUSHING GIANT LOGS around for 16 hours a day is tough, demanding work. Every component part in the engine of this rugged little "floating bulldozer" must be able to take it. And that's why Gray Marine Motor Company, like so many leading manufacturers, specifies lifelines of Bundyweld's Steel Tubing.

Bundyweld lifelines for oil, fuel, brake, and hydraulic systems are made by an exclusive process (see left) that has made them the accepted standard in the automotive and refrigeration industries. Bundyweld, in fact, is used in 95% of today's cars, in an average of 20 applications each!

Industrial designers the world over know Bundyweld offers them a double bonus: ultra-reliable tubing and specialized engineering assistance. New uses are found daily, both in fluid transmission and purely mechanical applications. If high strength, ductility, lightness, and cost are important to you — phone, wire or write us today.

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In Marketing

• • •

GE Gives Factory Servicing

A Three-City Tryout in Midwest

General Electric Co. is pushing forward the trend toward centralized servicing of appliances. The company has just revealed it is getting set to provide factory service for major appliances and TV sets sold in the metropolitan areas of Columbus and Toledo, Ohio, and Fort Wayne, Ind.

John H. Miller, manager of product service for the Major Appliance and TV Receiver Div. at Appliance Park, Louisville, says he hopes to have factory service agencies operating in the three areas by Oct. 1. The agencies will take over warranties and stock all parts necessary for complete servicing. They will report directly to the division, and function separately from distribution channels. For outlying areas, GE will award franchises to independent service agencies.

Service has long been an industry headache. Surveys show that consumers rank efficient servicing of the appliances they buy higher than price, style, or other factors. But dealers and distributors have fallen down on this responsibility.

Increasingly, manufacturers have had to fill the gap (BW—Apr. 16 '55, p41). Both GE and Westinghouse, for example, have gone in more and more for centralized service. But up to now, except in cases where they use independent contractors, service has been handled by distribution channels, such as General Electric Supply Co. or Westinghouse Electric Supply Co., and factory branches that supply dealers. The new move divorces factory service from distribution.

GE says it acted in this case on the request of two distributors, Commercial Electric Co. (Toledo and Fort Wayne), and Bard, Inc. (Columbus). This supports the view that service is a burden to most distributors.

Miller insists the three-city trial is not part of a plan to extend factory service over the country. He does say that if results in the cities justify it, "We will attempt the same thing in a few other places to give us a better test."

• • •

Restaurants Lure the Customers

With "Heat-and-Eat" Menu Items

Restaurants that have made a name for themselves for certain specialties are finding an ever-growing market in the "heat-and-eat" item to sell to the take-home trade. Luchow's in New York City is already distributing some of its frozen specialties in New York State, and put them in Cristede Bros. chain last week. Another restaurant to get deep into the convenience food field is Stouffer Corp., whose headquarters are in Cleveland.

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In 1953, a couple of supermarkets in the area asked to carry the Stouffer line. A year later, Stouffer opened a pilot plant to turn out the items, began setting up a regular distributorship. From that pilot plant, chains such as A&P, Kroger, Food Fair, Acme, Penn Fruit, as well as many independents have been supplied. Stouffer expects its new plant will enable it to get national distribution.

The specialty item has this advantage in finding food brokers and distributors: It doesn't compete with lines they already carry. Dealers will accept them for the same reason—and because, as premium items, they provide a good margin.

The restaurants do their part to introduce the frozen foods to a new market. But once they are introduced, the restaurants pull out, leaving the stores to do the actual selling.

• • •

Everybody Loafs But Mother—

She's Busy Mowing the Lawn

A power lawn mower aimed at the women's market is the bait with which Jacobsen Mfg. Co., Milwaukee, hopes to increase sales.

More eye appeal, easier starting, easier operation are the enticements that Jacobsen holds out to the female home handyman. There's an optional electric push-button starter, finger-tip level controls instead of push-pull controls for throttle and clutch, and a centrally located panel on top of the motor housing for starting, running, and stopping.

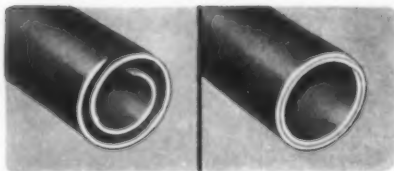
Jacobsen believes that women may not be the buyers of power mowers, but that their husbands have them in mind in choosing the machine. It expects to increase unit sales 25% with their new appeal aimed at the feminine market.

The company estimates that the industry will sell 3-million mowers this year and will be 20% ahead of 1955 in dollar sales.

Sorting out logs in the St. Regis Paper Company's Tacoma, Wash., mill pond, this armor-clad "floating bulldozer" literally butts them into position. Built by the Eddon Boat Company, Gig Harbor, Wash., it uses a Graymarine Lugger 6-244 engine with 2-to-1 reduction, relies on Bundyweld Tubing for oil and fuel lifelines.



Why this "floating bulldozer" relies on lifelines of Bundy Tubing



Bundyweld is the only tubing double-walled from a single steel strip, copper-bonded through 360° of wall contact. Its unique structure makes it amazingly strong and highly versatile.

Bundyweld is uniformly smooth, inside and out; is remarkably resistant to vibration fatigue. Lightweight, it has unusually high bursting strength, can be fabricated easily, bends to shortest radii.

PUSHING GIANT LOGS around for 16 hours a day is tough, demanding work. Every component part in the engine of this rugged little "floating bulldozer" must be able to take it. And that's why Gray Marine Motor Company, like so many leading manufacturers, specifies lifelines of Bundyweld® Steel Tubing.

Bundyweld lifelines for oil, fuel, brake, and hydraulic systems are made by an exclusive process (see left) that has made them the accepted standard in the automotive and refrigeration industries. *Bundyweld, in fact, is used in 95% of today's cars, in an average of 20 applications each!*

Industrial designers the world over know Bundy® offers them a double bonus: ultra-reliable tubing and specialized engineering assistance. New uses are found daily, both in fluid transmission and purely mechanical applications. If high strength, ductility, lightness, and cost are important to you — phone, wire or write us today.

There's no real substitute for Bundyweld Tubing
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WORLD'S LARGEST PRODUCER OF SMALL-DIAMETER TUBING. AFFILIATED PLANTS IN AUSTRALIA, ENGLAND, FRANCE, ITALY, AND GERMANY

In Marketing

• • •

GE Gives Factory Servicing

A Three-City Tryout in Midwest

General Electric Co. is pushing forward the trend toward centralized servicing of appliances. The company has just revealed it is getting set to provide factory service for major appliances and TV sets sold in the metropolitan areas of Columbus and Toledo, Ohio, and Fort Wayne, Ind.

John H. Miller, manager of product service for the Major Appliance and TV Receiver Div. at Appliance Park, Louisville, says he hopes to have factory service agencies operating in the three areas by Oct. 1. The agencies will take over warranties and stock all parts necessary for complete servicing. They will report directly to the division, and function separately from distribution channels. For outlying areas, GE will award franchises to independent service agencies.

Service has long been an industry headache. Surveys show that consumers rank efficient servicing of the appliances they buy higher than price, style, or other factors. But dealers and distributors have fallen down on this responsibility.

Increasingly, manufacturers have had to fill the gap (BW—Apr. 16 '55, p41). Both GE and Westinghouse, for example, have gone in more and more for centralized service. But up to now, except in cases where they use independent contractors, service has been handled by distribution channels, such as General Electric Supply Co. or Westinghouse Electric Supply Co., and factory branches that supply dealers. The new move divorces factory service from distribution.

GE says it acted in this case on the request of two distributors, Commercial Electric Co. (Toledo and Fort Wayne), and Bard, Inc. (Columbus). This supports the view that service is a burden to most distributors.

Miller insists the three-city trial is not part of a plan to extend factory service over the country. He does say that if results in the cities justify it, "We will attempt the same thing in a few other places to give us a better test."

• • •

Restaurants Lure the Customers

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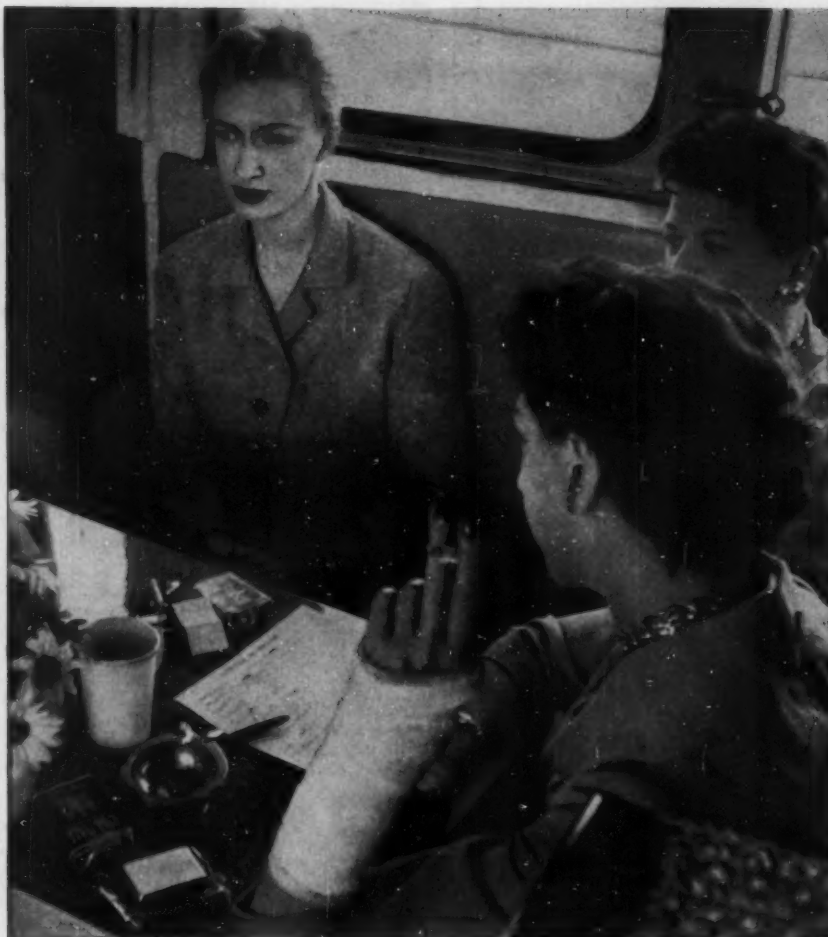
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Making

Sales conference aboard his own yacht (above) is part of the strategy that Lawrence L. Mack has used to set the tone for his Slenderella reducing salons.

TREATMENT Mack's vibrating machine is only one component of the Slenderella sales package.



Glamor Sell Glamor

At a fashion show in Houston, Tex., not long ago, the commentator matter-of-factly began her pitch: "Gown by Ceil Chapman, body by Slenderella."

Six years ago, nobody would have known what she was talking about. Today, thousands of women know. Last year they haunted Slenderella reducing salons (picture, left) to gross more than \$12-million (at \$2 a throw) for Slenderella International, founded and headed by Lawrence L. Mack, 38, of Stamford, Conn.

Mack is living evidence that in a plush economy, the sizzle counts for more than the steak. If the steak is rather thin, the sizzle gains importance. What Slenderella offers is more a state of mind than a product.

- **Offshot**—The basic idea didn't originate with Mack. Pioneer in the mechanical slenderizing field is the Stauffer System, founded in 1938 by B. H. Stauffer of Los Angeles. Nub of the Stauffer System is a machine that does

for users the exercising they don't do themselves. The machine moves forward and sideways, giving the muscles and organs a workout while the "patient" rests. Stauffer developed it in the days when he was a chemist, specializing in endocrines. An editor of the women's department of the Los Angeles Times decided the machine could be sold as a reducer, and Stauffer launched a string of salons.

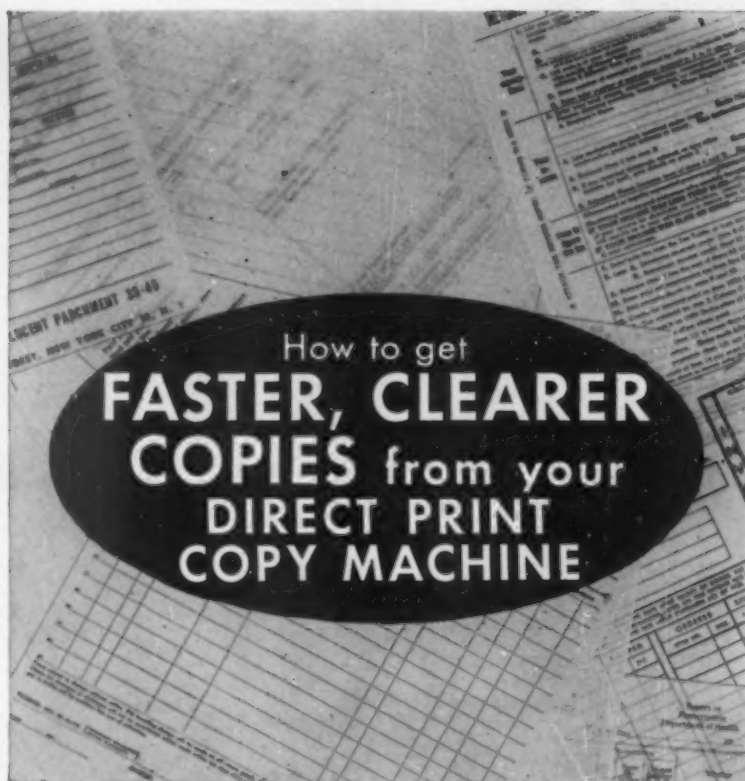
Today he has 223 salons, practically all operated by independent owners who buy the Stauffer franchise, operate under the Stauffer name.

Since last year, Stauffer has also done a fast-growing business selling portable machines for home and office use—pitched largely to the masculine market. The portable is now moving at the brisk clip of \$1-million a month, Stauffer says. But his salons, says Stauffer, still represent the bulk of his business.

- **Franchise**—Soon after his World War II stint with the Navy, young Mack,



HAND-PICKED executives rate well above normal in business acumen.



The right master sheet will make a surprising difference. When the master is **PATAPAR TRANSLUCENT PARCHMENT**, copies come out fast, clean, sharp.

This special type of Patapar Vegetable Parchment is scientifically designed for direct print master sheets. Quality controlled texture and uniform, full translucency assure super fast transmission of the ultra violet rays. There is no diffusion. The result is speedier operation, and infinitely clear copies. *You save money by saving time.*

Patapar Translucent Parchment has a perfect surface for printing with opaque or regular inks. It is excellent for type-written copy, pen and pencil entries, a 'tists' sketches or drawings.

SEND FOR SAMPLES — Write on your business letterhead for brochure of testing samples. *Name of nearest distributor on request.*

Patapar.
**TRANSLUCENT
PARCHMENT**

HEADQUARTERS FOR VEGETABLE PARCHMENT SINCE 1905



EXECUTIVE Vice-Pres. Eloise English, who coined the word *Slenderella*, gets over \$75,000 a year—including bonuses.

looking for worlds to conquer, became a franchised operator of Stauffer salons in several cities, including Chicago, where, says Stauffer, Stauffer himself owned the salons.

In 1951, Mack dropped his Stauffer franchises, launched his own enterprise. This led to bitter charges by Stauffer. Some of the key personnel went along with Mack. Stauffer, according to Mack, attempted to sue the younger man, but the case was dismissed. Currently Stauffer is suing Mack for patent infringements on the reducing machines.

Whatever Stauffer's view of Mack's business ethics, he concedes that Mack has done a selling job that probably grosses Mack as much from the roughly 150 *Slenderella* salons as Stauffer grosses from his roughly 250 salons. And in the hard world of business, the moral is this: In merchandising, the sizzle counts. And Mack is unquestionably a master sizzler.

• **Psychological Approach**—His sales objective has been twofold: To take the curse off the unsavory reputation that some reducing concerns had earned in the past, and to build up a steady flow of repeat customers. To do this, Mack called into play every psychological tactic in his book.

His pitch is to underplay the reducing angle. "We are in the figure proportioning business, not reducing," he says. He isn't much interested in the woman who has become grossly overweight; "She needs a doctor," he says. "We sell dress sizes. If a woman once wore a size 10 or 12 and now needs a 14, that's the lady we like to help."

The typical *Slenderella* patron, he says, is pretty intelligent; she's in her 30s, with a child or so; she's about 15 lb. overweight; she once had a good

figure and is smart enough to want it back.

• **Three-Ply**—The "treatment" consists of three items. Key to it is a muscle-toning table, developed, Mack says, at a Midwestern university. Then there's diet—Slenderella prefers to call it a "menu," which the company is smart enough to require the client's own doctor's O.K. on. The doctor invariably approves it, says Mack, because it's a good basic diet, high in protein, low in carbohydrates.

The third ingredient is a mint wafer to provide minerals and vitamins. On these again Mack calls psychology into play. The patron is asked to eat one mint five times a day. The dose could just as well have been one wafer, five times more potent. But the repetitions serve to keep the woman's mind on her job.

• **Aura of Respectability**—Obviously, there's nothing here that a woman couldn't do on her own if she would. How, then, do you parlay a mechanical table, a menu, and some mint tablets into a business that is expected to gross \$20-million this year?

With the cardinal need of establishing an aura of social respectability, Slenderella salons themselves are a showcase. The decor is tasteful, the lighting subtle; Muzak lulls the client. Mack still places stress on the fact that the system involves no personal massaging, that the customer gets her passive exercise fully clothed.

• **Hand-Picked**—An important key to the success of his story so far is his personnel. To underscore the respectability and glamor of Slenderella, Mack has hand-picked a team of smart, young, well-paid businesswomen.

Executive vice-president of the operation is Eloise English, who had been with Mack in his Stauffer days. An honor student at Ohio State, former lieutenant commander in the WAVES, she coined the word Slenderella. Mack wishes he had a hundred like her.

Miss English had a lot to do with working out the standards for Slenderella job candidates. A prospective employee must have a college background or good training in sales work, or have run her own business successfully. She takes a Kuder Preference Test to show if she is fit for an executive job. She takes an adapted Army General Classification test; "normal" score is 100; Slenderella requires at least 125. She gets the Wunderlich Personnel test. This has a top score of 30; Slenderella requires a grade of 25.

If she comes through all these, she is assigned to work with a salon manager for a training period of about six months. She learns such things as "figure analysis," how to supervise technicians, practicing the art of soothing clients who aren't shaping up fast

REYNOLDS ALUMINUM IN MODERN ARCHITECTURE



**Northwestern Bell Telephone Company,
Tenth Street Building, Des Moines, Iowa**

General Contractor

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Reynolds Aluminum Applications In This Building:

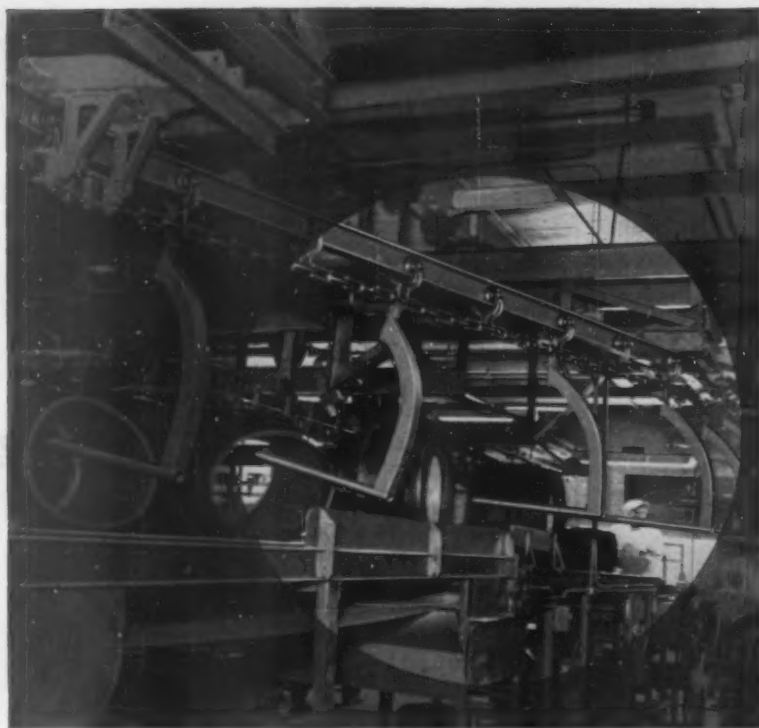
Aluminum Wall Window Units consisting of Reynolds Series 100 Vertically Pivoted Windows, Interlocking Extruded Spandrels and Aluminum Metal Wall Accessories.

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See "FRONTIER," Reynolds great dramatic series, Sundays, NBC-TV Network.

REYNOLDS ALUMINUM



Transfer Point...

*... where tire carcasses
get off to stand inspection*

Tires ride practically all the way from first operation to shipping dock. Now and then they get off and walk—or roll.

Here carcasses from the tire-making machines arrive by MHS Monoveyor and are automatically transferred by synchronized belt conveyor to a length of gravity conveyor. On this they roll to an inspection station, shown in right background.

There's no lifting of heavy carcasses, no concentration of labor, no pile-up of materials. The MHS materials handling system sets an easy pace, does the heavy work, saves human energy for tasks which add value to the product.

Your production, too, can benefit from skillfully planned automatic materials handling. Call in the MHS engineer for expert assistance.



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VICE-PRES. Joan Grove supervises New York and New England, recently added Puerto Rico.

enough, and tactfully scolding women who skip salon appointments in favor of elaborate luncheons.

• **Rewards**—For the job they do, Slenderella executives get their rewards. Miss English currently pulls down well over \$75,000 a year. At least 20 executives get \$30,000 or more, and 20 more earn over \$20,000. Guaranteed minimum salary for a salon manager is \$350 a month. Actually she earns about \$1,000 a month, most of it in bonus. She gets about 40% of the net cash profit of her salon.

Every salon is a corporation in itself. The manager usually owns about \$1,500 worth of stock in it (each one represents an investment of \$25,000 to \$30,000). But Mack himself owns at least 51% of every corporation in the chain.

These women have a job to perform beyond conveying glamor, efficiency, respectability. They are there to keep the clients coming back. "We are glad to give a single treatment," says a Slenderella employee, "but our regular customers often take up the bulk of the working schedule."

This, of course, is as Slenderella likes it. Continuity of acceptance is what makes money. Mack sees no reason why a woman shouldn't take care of her whole person the way she takes care of her hair, her hands, or her nails. "You wouldn't expect one permanent wave to last you a lifetime," he argues.

But women have to be taught this idea. And the best indoctrination, Mack feels, is frequent personal contact with top-flight salon personnel.

• **Advertising Budget**—To get clients to the salon in the first place requires another sort of merchandising. Stauffer relies heavily on word-of-mouth promotion by satisfied customers. For Mack,

GREAT NEW IDEA in tractors and attachments—



M-H-F WORK BULLS

Now . . . from one source . . . a package of 5 versatile, low-cost tractors (34 to 52 hp) with 20 easily-interchangeable, power-matched attachments!

Work Bulls pay off as primary equipment . . . as backup machines . . . as utility or cleanup tools. With Work Bulls — contractors, industries, utilities and others have new opportunities to make more profitable, more efficient use of their present manpower and equipment.

A Work Bull mechanizes jobs formerly handled by manual labor. Or, Work Bulls team up with medium-priced single-purpose equipment to give you exactly the right power to fit the job. On larger spreads, low-cost Work Bulls relieve big equipment of unprofitable odd-job duties.

20 power-matched attachments

Work Bull attachments are specially designed to match tractor power and

speed. Front-end attachments include — 9 cu. ft. to $\frac{1}{4}$ yd. loaders . . . scarifiers . . . fork lifts (1 to 2-ton) . . . dozer and angle dozer blades . . . brooms . . . snow plows and utility booms. Rear end attachments include — backhoes (12 to 36" bucket widths) . . . reel and rotary type mowers . . . trenchers . . . post hole diggers . . . pipe and cable layers . . . multi-purpose blades . . . and hauling hitches. Side-mounted highway mowers also available.

M-H-F Work Bulls and integrated attachments are sold exclusively through M-H-F Work Bull retail distributors. You get single responsibility for both tractors and attachments. For more information and a free, illustrated 24-page catalog — write



FOR CONSTRUCTION, of all types — Work Bulls speed work-and-run digging, lifting, backfilling and grading . . . haul or skid machinery . . . maintain access roads.



FOR INDUSTRY, Work Bulls handle materials on or off paved surface with utility boom or fork lift. Also mow grass, plow snow, maintain roads.



FOR UTILITIES, Work Bulls dig sewers, trenches, postholes or bellholes . . . increase stockpiling efficiency, handle materials, maintain grounds and roads.



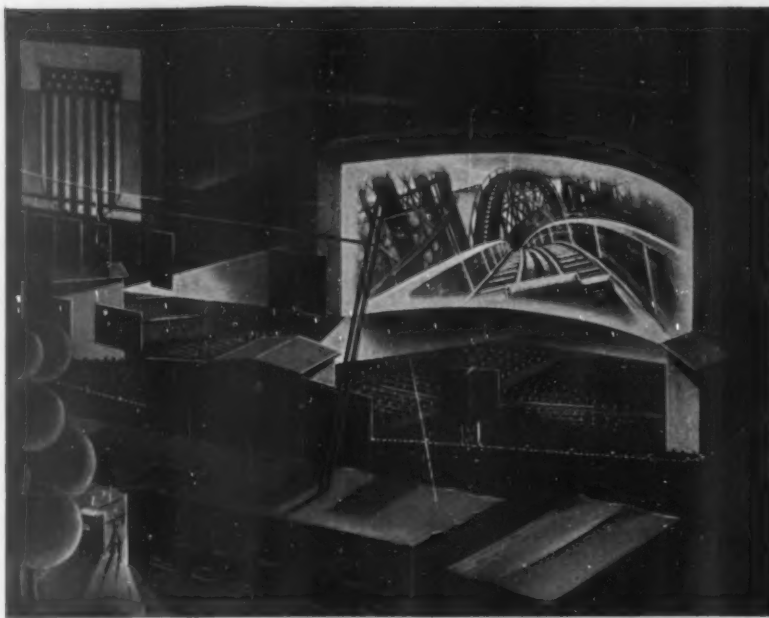
FOR MUNICIPALITIES, Work Bulls cut grass . . . maintain roads and streets . . . haul wagons . . . stockpile aggregate . . . clean ditches . . . plow snow . . . lay pipe or cable.

M-H-F WORK BULLS

Division of Massey-Harris-Ferguson, Inc.

10-H Quality Avenue

Racine, Wisconsin



This view of the American Exhibit at Constitution Fair, held in Bangkok, Thailand, shows the special theatre in which "This Is Cinerama" was presented.

Electrical materials assembled in 5 hours set stage for Prize Winning Cinerama in Thailand

Five hours before take-off time at Mitchell Field Air Force Base, engineers of Cinerama called Ed O'Reilly, Salesman with Graybar in New York. The State Department had just selected Cinerama to compete for America in the Best Motion Picture classification at the Bangkok Exposition.

A diversified selection of vital electrical equipment had to be assembled in record time to load into a waiting flying box-car. Ed O'Reilly and Graybar-New York went to work. Material was assembled from stock, packed and labelled. Special equipment was ordered out of factory stock at Pittsburgh, and flown to New York, arriving 30 minutes before deadline.

Transported by air to Thailand, the indispensable equipment brought Cinerama to life at the exposition. The resultant first prize won by the United States, nosed out the up-to-then leading contending nation . . . Russia.

Solving usual and unusual electrical problems is regular practice with Graybar. When you call Graybar, you will have, at your fingertips, the nationwide facilities of a single, all-inclusive source of everything electrical. More than 100,000 electrical items for wiring, lighting, communication, ventilation and power are available from a network of Graybar offices and warehouses, in over 130 principal cities. And in every electrical field there are Graybar Specialists ready to serve you whenever you require their expert assistance.

622-28

GRAYBAR ELECTRIC COMPANY, INC.
420 Lexington Avenue, New York 17, N. Y.

CALL GRAYBAR FIRST FOR



the answer is to advertise. This year Slenderella will spend about \$2.5-million on advertising: \$1.4-million on spot radio, \$600,000 on television, and \$500,000 in print media.

Mack works strenuously to keep his campaigns jazzed up to high pitch at the local level. He personally softens up the cities he operates in. About twice a year he visits the 40-odd communities where Slenderella has salons, to meet local media folk face to face.

Before he visits a new city or revisits an old one, his public relations strategist, Edward Cope, lines up the media representatives Mack ought to meet, and arranges a big luncheon-cocktail party.

Today Slenderella spots are heard regularly on 155 radio stations and 25 TV stations in 40 cities. And as a result of the careful ground working, columnists give Mack gratuitous plugs; TV personalities come up "spontaneously" with remarks like "body by Slenderella."

The company's growth score reads this way. In 1951, Mack had six salons, did \$300,000 gross. By the end of this year, he will have 175, doing some \$20-million, he hopes. Salons are opening up at the rate of about eight a month. Besides those in this country, he has establishments in Paris, Toronto, Zurich, and Honolulu. More are scheduled for Rome, London, Milan, Dusseldorf, Amsterdam, and Brussels. Mack looks to have some 1,500 salons in 10 years.

• **Side Lines**—He has other strings to his bow: A separate corporation, which he controls, manufactures the mechanical tables. He has a plan—temporarily stymied by the Pure Food & Drug Administration—to market a low-calorie bread. Early next year he hopes to bring out a whole line of low-calorie food. He also has plans for a line of soft drinks, Slenderella girdles and bras.

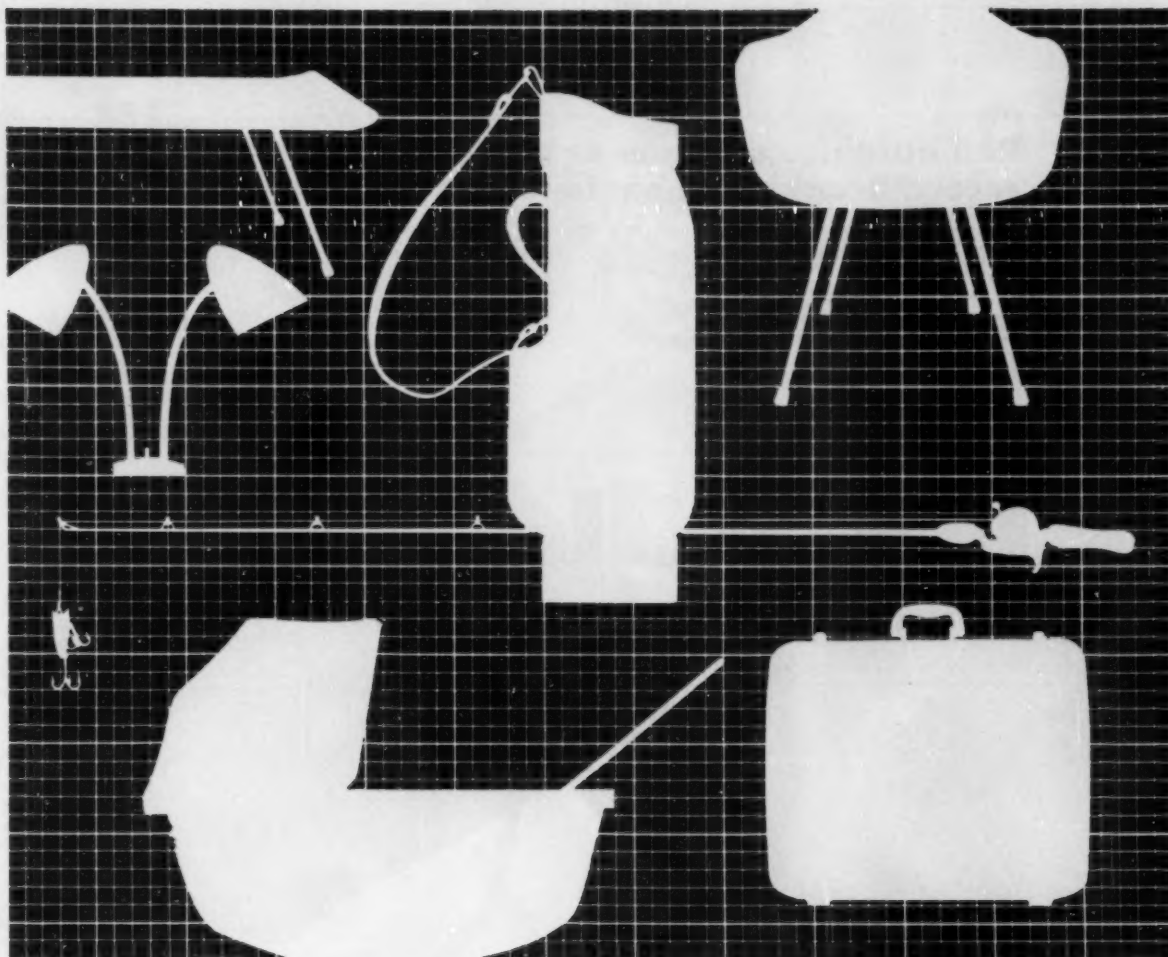
Right now he is test-marketing cosmetics under the name Bertie. If they sell, they will appear under the Slenderella name.

The company will enter big department stores to get a share of the credit business. He has already arranged with Allied Stores Corp., Carson Pirie Scott & Co., I. Magnin & Co., May Department Stores Co., Frederick & Nelson, Bullock's, Inc.

• **More Grandeur**—As a final flourish, Mack and his team have been toying with a limited number of "showcase" salons. These will provide the same services, but the tone will be ultra. Instead of \$2, the customer will pay \$5—and will get for it genuine red carpet, a doorman, plush kennels for her poodle.

Then, maybe, a string of salons for men—"masculine paneling, maybe in oak, a lot of leather. . . ." **END**

Specializing in Shapes



■ All of these shapes represent products as familiar to you as the services they provide. Many sizes, many shapes—but all share certain basic needs: light weight, strength, corrosion resistance, ability to withstand temperature extremes.

Leading manufacturers who produce these products are finding out that Fabiricon's amazing fiberglass-reinforced plastics provide these and many more important qualities, including brilliant molded-in colors, choice of texture, ease of cleaning.

Already, Fabiricon's extensive background in plastics research, product design, tooling and production has

led to widespread applications for custom-molded fiberglass-reinforced plastics for use in products as familiar as those above, and as diversified as toys, bread trays and automotive parts.

As a custom converter, the Fabiricon Products Division of Eagle-Picher tailors its unique skills and facilities to specific needs of specific manufacturers. Fabiricon's amazing economy of tooling costs and production time can be of extreme importance to you, regardless of the size or shape of product. *We welcome opportunities to share our diversified experience. Address your inquiries to Fabiricon Products, 1721 Pleasant Avenue, River Rouge 18, Michigan.*

Divisions and principal products... CHEMICAL DIVISION—lead and zinc pigments and oxides, sulphuric acid* • FABRICON PRODUCTS DIVISION—automotive products, plastics, waxed paper and cellophane food wrappers • INSULATION DIVISION—aluminum combination storm enclosures, mineral wool insulations, diatomaceous earth products • MINING & SMELTING DIVISION—zinc, lead, germanium, cadmium • OHIO RUBBER COMPANY DIVISION—molded and extruded rubber products.



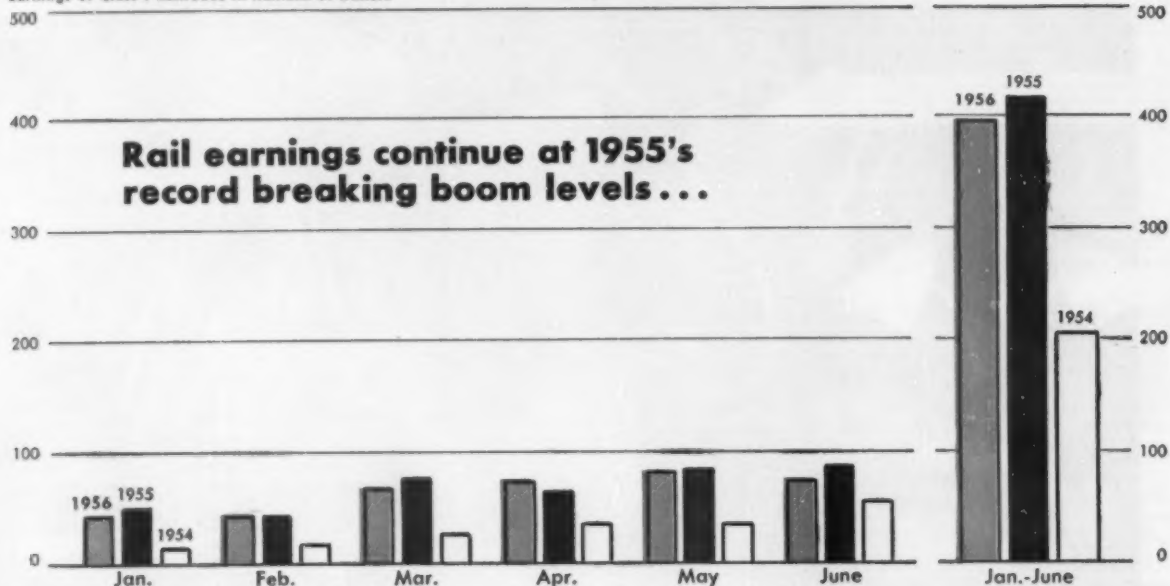
The Eagle-Picher Company, General Offices: Cincinnati 1, Ohio

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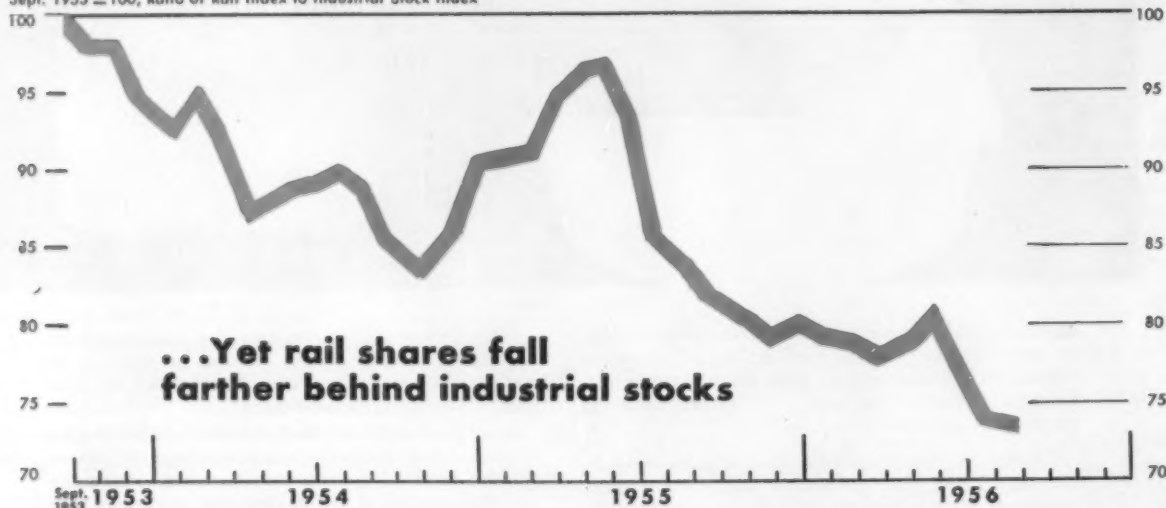
A WALL STREET PARADOX:

Earnings of Class I Railroads in Millions of Dollars



Data: Assn. of American Railroads (late figures are estimated)

Sept. 1953 = 100, Ratio of Rail Index to Industrial Stock Index



Data: Based on Monthly Averages of Standard & Poor's Corp. Daily Rail and Industrial Stock Price Averages.

©BUSINESS WEEK

Rails: The Stocks Nobody Loves

That downward zigzag in the chart above tells in a single brutal stroke the story of the rail stocks' decline in popularity in relation to booming industrial shares. Not all the record earnings that are also charted above have stopped the falling off, nor have they stilled comments like this thumbnail sketch of the

rail stocks by a smart Wall Streeter: "One of the stock market's lame ducks, with a few exceptions suitable only as temporary high-yielding speculative holdings during boom periods. And already long since selling at high-enough levels."

Plenty of analysts share that view,

and they share the explanation given by the investment counsel, Arnold Bernhard & Co.: that the railroads, like Alice in Wonderland, have to run and run to stay in the same place.

• **The Meaning**—You get split opinions on what the recent sluggishness of the rail stocks means to the bull market in



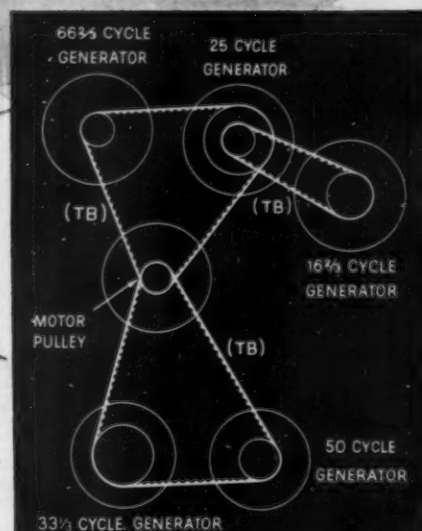
POWERGRIP "TIMING" BELTS



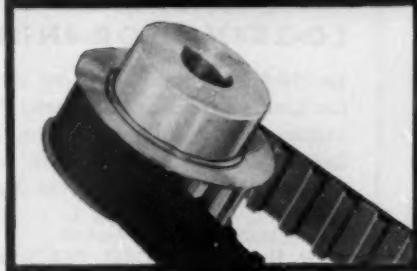
Party Line Bells no longer wring people out!

Phone calls used to ring every home on a party line. You had to count the rings to spot your call and put up with constant ringing all day. But today's party line rings only the person being called. And now—thanks to the hair-trigger accuracy of U.S. PowerGrip "Timing"® Belts—a single motor can operate this simplified system.

Whether it's for appliance design or plant conversion—from flea-power to 1000 horsepower—PowerGrip delivers near-100% efficiency at exacting speed controls. These belts, plus expert power transmission service, are obtainable at any of the 28 "U.S." District Sales Offices, at selected "U.S." power transmission distributors, or by writing us at Rockefeller Center, New York 20, N. Y. CIrcle 7-5000.



In this 5-frequency telephone ringing unit, 5 motors were previously needed. But with just 3 U.S. PowerGrip "Timing" Belts (TB) only one motor is needed now. U.S. PowerGrip provides a positive, non-slip grip that preserves the exact speed ratios and the synchronization needed to maintain critical frequencies. And there's absolutely no measurable power loss.



Mechanical Goods Division

United States Rubber

This is not an offer of these Securities for sale. The offer is made only by the Prospectus.
NEW ISSUE

\$30,000,000 Food Machinery and Chemical Corporation



**3.80% Sinking Fund Debentures,
Due July 15, 1981**

Price 100% and accrued interest

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from only such of the underwriters, including the undersigned, as may lawfully offer these securities in such State.

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July 25, 1956.



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general. Plenty of people say it means nothing, and point to the sensational climb of the industrials ever since 1953, with only meager support from the rails. But the Dow theorists, and a bunch of other Streeters, disagree. They say a sharp setback for the whole market may be coming unless the rails confirm the record highs of the industrials by setting a new bull market record of their own. Their argument is that if one average remains sluggish while another soars, the whole trend of optimism will eventually be soured.

Right now, though, there's no indication that the rails will be able to scramble back into public esteem. Actually, as Wall Street's Calvin Bullock, Ltd., put it, they have been locked for years in what in "simple truth . . . almost appears to be a struggle for survival." The roads, in the battle to make money, have been assaulted furiously on two fronts:

Traffic has been nibbled away steadily. Trucks, inland waterways, and pipelines have all dug into the rails' share of intercity freight. Planes, buses, and the private automobile have taken great gouges out of the rails' passenger traffic, except for the low-fare commuter business (BW—Aug. 4 '56, p. 31). Noncommuter passengers hauled in 1955 were fewer than in any year since 1929 except for Depression 1931-1932. Even with rate increases, passenger revenue was at its lowest since 1941.

As for freight, the figures are less alarming on the surface, but they have their seamy side despite an actual increase in ton-miles. The gain has sprung from the general boom of the economy, and not from any factor peculiar to the rails. In fact, the rails' share of total intercity freight is still shrinking, though not so fast as in some earlier years. Last year, the rail share was 50%, compared with 57% four years earlier, and 75% in 1930. What's more the 1954 recession showed how sharply rail traffic could decline in time of industrial trouble.

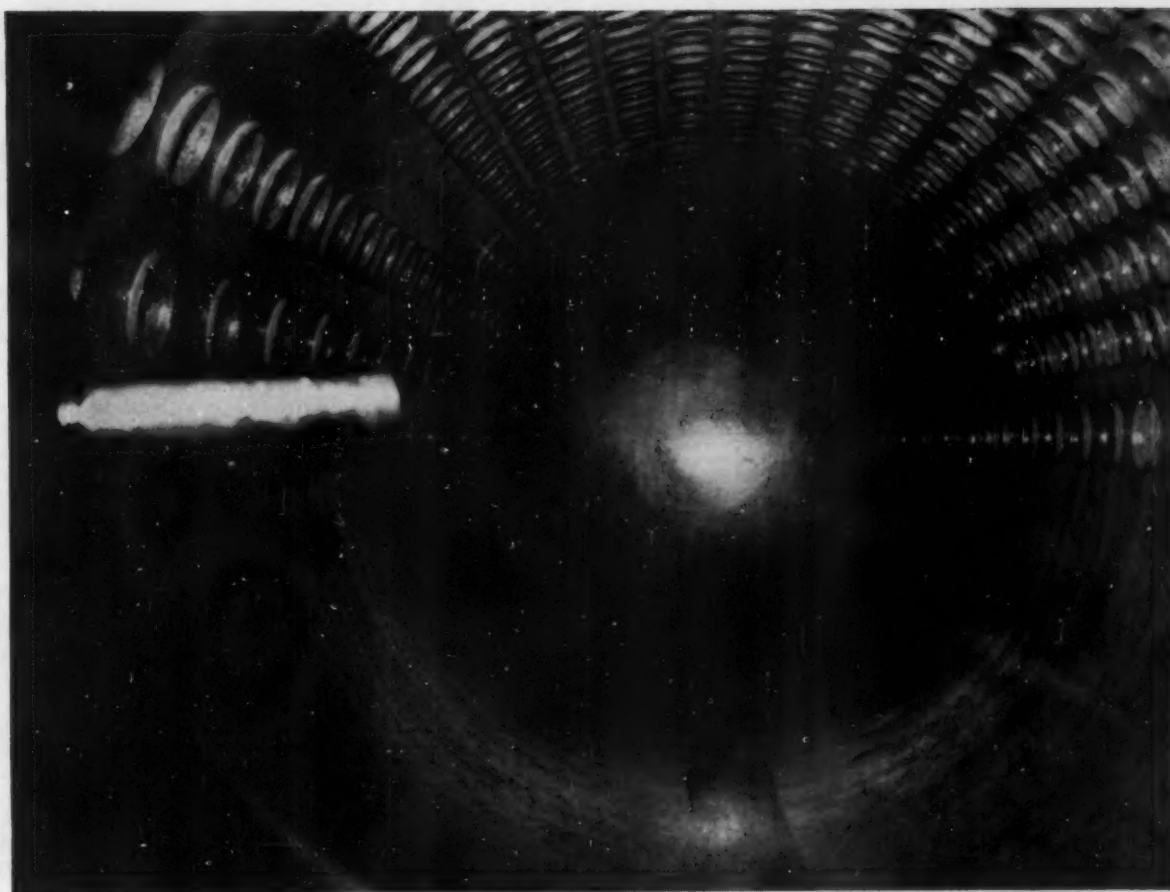
Operating costs have shot up since the war, hitting the rails harder than any other trade. From 1939 to 1955, rail wages went up 166%, the cost of materials 142%. That's a massive blow when you figure that payrolls make up 63% of total expenses for the Class 1 carriers, while materials take another 27%.

• **Fighting Back**—The roads have used two methods of fighting their rising costs:

• They have secured a whole series of boosts in freight rates, about 74% since 1939.

• Since 1941, they have spent \$13.5-billion on modernizing their plant for greater efficiency, along with \$40-billion on maintenance.

Undoubtedly, this counterattack has



No Sludge . . . No Scale . . . No Corrosion in this boiler

Opened for inspection, this large boiler drum shows the results of a year's attention to good water treatment: *nothing!* No sludge, no scale, no corrosion . . . Ready to go back on line without even a wash-out . . . Down time and maintenance minimum, fuel economy and operating efficiency tops . . . Thanks to The Nalco System of Water Treatment, and good plant control practices.

Nalco System treatment includes proper water treating chemicals *plus continuing Nalco service* that assures effective protection for your steam and water system—from raw water intake through condensate return lines.

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NEW ISSUE

250,000 Shares

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5.50% Cumulative Preferred Stock, Series 1956
(Par Value \$100 Per Share)

Price \$100 per Share

Plus accrued dividends from June 1, 1956

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from only such of the underwriters, including the undersigned, as may legally offer these securities in compliance with the securities laws of such State.

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August 1, 1956

BEECH-NUT LIFE SAVERS, INC.

The undersigned acted as financial consultants in connection with the merger of Beech-Nut Packing Company and Life Savers Corporation.

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123



WHEN BUSINESS MEN
WANT BUSINESS NEWS
THEY TURN
TO.....



"... net income of some carriers is already lagging behind last year's ..."

STORY starts on p. 52

helped, and has kept alive many roads that would otherwise have gone under. But it has not completely offset the rise in costs. Last year, costs ate up 75.7% of gross revenues; in 1939, the figure was 73%. Over the same span, the transportation ratio—the share of gross revenues that it takes actually to run the trains—rose to 37.3% from 35.5%.

You get an even more discouraging view if you compare the rails' fiscal performances last year with 1929. In the earlier year, net earnings of close to \$900-million were only \$29-million less than those recorded in 1955, although gross revenues were only \$3.8-billion, a full 38% less than last year. And that despite the fact that fixed charges in 1929 were \$340-million higher.

There's another blotch on the 1955 earnings peach. Although net did climb 36% above 1954 to an all-time record, it did so with a slightly "illegitimate" boost. Roughly \$187-million, or 76% of the year's climb, came from tax deferrals due to accelerated amortization on emergency facilities.

• **The Prospects**—Many Streeters believe that the rails will do rather well this year, without quite matching 1955's figures.

The most recent freight rate boost granted by the Interstate Commerce Commission, back in March, was 6%. Many carriers, especially in the East, are grumbling that this wasn't even enough to cover the wage boost they had been forced to give a bit earlier. In support, it is pointed out that net income of some carriers is already lagging behind last year's despite heavier freight hauls.

To complicate matters, the industry is apparently in for another round of rate boosts. Unions representing the bulk of both operating and nonoperating personnel have already filed demands, generally calling for a 25¢-an-hour rise. However, most observers doubt that anything will come of it this year, and they think that ultimately the unions will settle for well under their asking price.

• **Spiral**—Whatever the amount, the rails are apparently in for another steep boost in operating costs. Their obvious reaction will be a demand for another rate boost. Indeed, there were signs this week that they would take such a plea to the ICC even before the wage negotiations get fully under way.

So, it looks as though the rails will have to keep on running and running, just to stay in the same place. **END**

FINANCE



POSTING 130,870,948 new shares involved making a million and a half entries in 5 weeks. Guaranty's large staff of experienced personnel handled a tremendous number of clerical details and is available to other companies seeking stock transfer service.



21 TONS of mail were sent to Jersey Standard's 326,000 stockholders. While this operation was in progress, Guaranty was also handling transfer and registrar work for about 1,000 other classes of stock.



MODERN EQUIPMENT was used by Guaranty to help speed up operation. Here, one of Guaranty's staff technicians feeds instructions to the bank's electronic calculator.

PROFESSIONAL GUIDANCE at every step of the way was provided by Guaranty. L. to r.: William J. Neil, Howard M. Ashley, Matthew J. Whalen, Harry W. Knudsen, and John D. Rippe. These men are part of the team of 504 officers and employees available to every company, large or small, seeking transfer or registrar services.

Guaranty Trust Handles Record Stock Split

Three-for-one stock split of Standard Oil Company (New Jersey) involved 20 million separate operations. Guaranty Trust's experienced personnel and equipment put through record stock split quickly, efficiently.

Recently Standard Oil Company (N.J.) voted a 3-for-1 common stock split. The job, largest of its kind ever undertaken by any bank transfer agent, was handled by Guaranty Trust Company of New York.

Handling any stock split, large or small—in this case the issuance of 1,500,000 new certificates—requires a unique combination of experience, adequate numbers of personnel, modern equipment, and professional know-how. This combination was available to Jersey Standard, as it is available to the hundreds of companies of all sizes for which Guaranty acts as transfer agent or registrar.

EXPERIENCED AND ADEQUATE PERSONNEL. Posting 130,870,948 new shares (involving 1,500,000 certificates) to stockholders' records... preparing voting lists... these were some of the tasks which Guaranty personnel performed for Jersey Standard. Hundreds of clerical workers were involved in round-the-clock operations at various times.

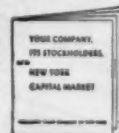
MODERN EQUIPMENT AND PLANT FACILITIES. In processing the heavy volume of work handled by the staff, ingenious automation methods, plus modern electronic and mechanical

equipment were used by Guaranty Trust to implement the handling of the 20 million separate operations: 4,280,000 stencil impressions—3,000,000 signatures—the mailing to stockholders of 21 tons of mail.

PROFESSIONAL ADVICE. From its preliminary stages to completion of the split, this operation called for careful planning. A myriad of questions and problems had to be solved. Guaranty Trust officers, with wide experience in every phase of transfer and registrar work, furnished the specialized professional guidance needed to do the job.

While Jersey Standard's "operation split" was in process, the bank was also paying two of that company's regular quarterly dividends. In addition, Guaranty was performing dividend, transfer, and registrar services for other companies which involved about 1,000 different classes of stock. The number of holders of these classes of stock ranged in size from 120 shareholders to 326,000 shareholders.

HELP ON YOUR TRANSFER PROBLEMS. Whatever the size of your company, Guaranty personnel, equipment, and professional guidance are available to perform stock transfer or registrar services for you. If you would like to learn more about the advantages of New York transfer facilities written from the *corporation viewpoint*, write on your business letterhead for a complimentary copy of "Your Company, Its Stockholders, and the New York Capital Market," attention Corporate Trust Stock Transfer Dept. BW-4.



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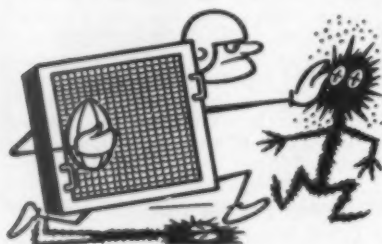


AIR-MAZING FACTS

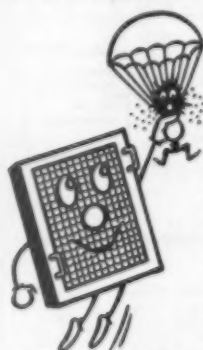
BY O.SOGLOW



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BLOCKS OUT DIRT AND DUST! Air-Maze air filters keep offices, factories and stores dust-free—make them happier, healthier places to work. Available in many types and sizes including unit panels, rotating curtains and electrostatic precipitators.



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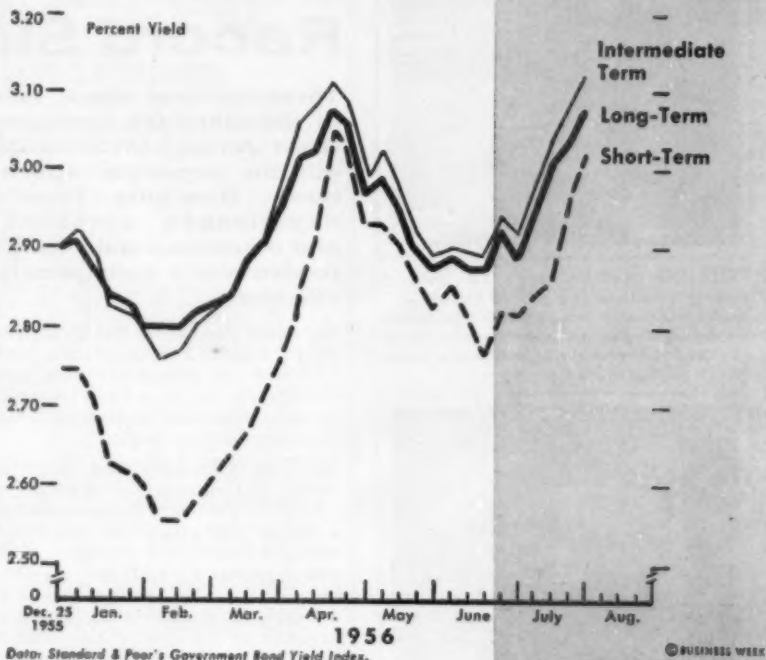
IF YOU BUILD OR USE engines, compressors, air-conditioning and ventilating equipment, or any device using air or liquids—the chances are there is an Air-Maze filter engineered to serve you better. Representatives in all principal cities. For condensed product catalog, write Air-Maze Corporation, 25000 Miles Rd., Cleveland 28, Ohio.

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GOVERNMENT BONDS IN 1956: Yields have moved to new highs . . .



Data: Standard & Poor's Government Bond Yield Index.

The Pressure Is Still On

While the stock market has been booming, trading in debt obligations hasn't fared so well. And the government bond market has taken as heavy a lacing as any. The chart shows how yields on governments, which move in the opposite direction from prices, have gone up fast for better than six weeks. This week, prices in the vital long-term sector hit their lows for the year, and some pessimistic dealers looked for more of the same.

The biggest factor depressing the prices of governments has been the Federal Reserve's tight money policy. When this policy was reaffirmed after some signs of loosening a few weeks back, government bond prices hit the skids again. Bond dealers say that it's doubtful whether there can be much of a recovery until the Fed eases its current squeeze.

• **Liquidity**—Bond dealers have an old saying that "You can sell a government bond even on Sunday." That is, governments are probably the most liquid of all securities, and are treated as the nearest thing to currency or demand deposits by bankers and corporate treasurers. Much of the trouble in governments lately stems from this liquidity—from the fact that they can be sold even on Sunday.

In order to meet a record demand for

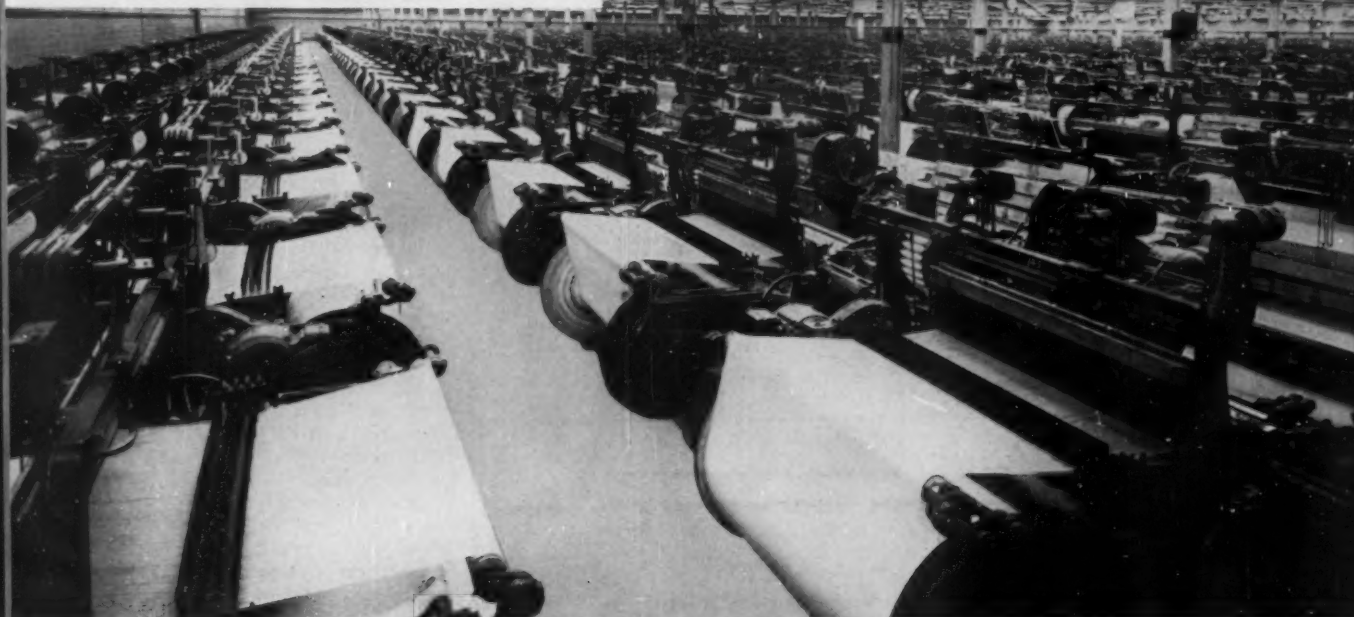
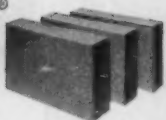
money, banks and insurance companies, traditionally the biggest holders of governments, have been selling them just about every day. The insurance companies sell their governments, which yield at the best 3.14%, to get the handsomer returns on tax-exempts or corporates; the bankers sell them to get funds to put into bank loans.

Banks and other institutions have, in many cases, taken big losses on their governments in order to boost their returns, but these returns have to be lucrative enough to offset those losses in a relatively short time. Now, dealers hope that sellers have reached the point where yields on other investments will no longer compensate for the hefty losses that would have to be taken in governments, and the selling avalanche will cease.

• **Rates Soar**—The weakness in governments has been reflected in trading and new issues markets for both tax-exempts and corporates. With lenders in the driver's seat because of the huge demand for money, rates on new issues have soared, and some borrowers have either postponed borrowing or tried to get short-term bank money rather than finance long-term. More pressure is expected soon to develop in the corporate sector, when scheduled new issues hit the market. **END**

FOAMGLAS®

the cellular, stay-dry insulation



Now celebrating their 60th anniversary as a maker of top-quality print cloths, twills and broad-cloths... Clinton Mills' broad textile manufacturing experience led them to rely on stay-dry FOAMGLAS to furnish dependable insulating protection for this 1300-loom weave room.

J. B. Templeton, Production Vice President, Clinton Cotton Mills, Clinton, S.C., reports...

"FOAMGLAS roof and wall insulation stays dry, helps stabilize temperature-humidity to lower operating costs in this weave room"

When warp and filling yarns dry out and break, textile looms shut down. That cuts loom efficiency and boosts operating costs. The answer is constant, accurate temperature-humidity control to keep yarns workable. For such control, dependable insulation is a must!

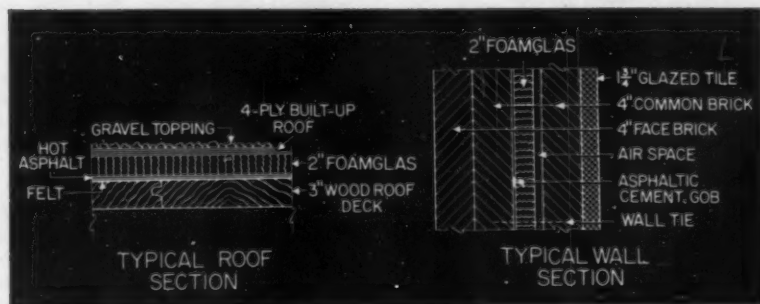
"We picked FOAMGLAS to insulate roof and walls of the new 1300-loom weave room added to our Clinton, S.C.,

mill last year," says J. B. Templeton, Production Vice President of Clinton Cotton Mills. With its structure of closed glass cells, FOAMGLAS can't absorb moisture and lose efficiency as other insulations do. It stays dry and effective.

Mr. Templeton concludes: "FOAMGLAS aids in maintaining dependable temperature-humidity control. Yarn fibers stay moist, workable and free

from static electricity. Condensation on weave room walls and ceiling is eliminated. Our looms operate at or near rated capacity with minimum shut-downs."

You'll profit, too, when you insulate roofs, ceilings, walls, piping or equipment with stay-dry FOAMGLAS. It's completely inorganic—therefore rot-proof, fire-proof and acid-proof. It's strong, rigid and dimensionally stable, too. Prove it! Send today for a free sample and directions for six simple tests—easily performed in your own office. Prove to yourself that FOAMGLAS is *your* ideal insulation! Write—



Drawings show application of FOAMGLAS on roof and walls of Clinton Mills' new weave room. Since the insulation prevents condensation, there is no danger of moisture damage to walls, roof, window frames or floors.

Pittsburgh Corning Corporation

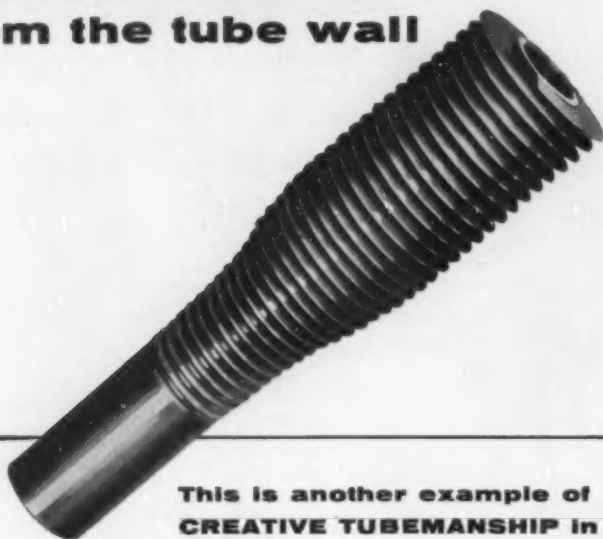
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*REG. U. S. PAT. OFFICE

Wolverine Trufin is available in Canada through
the Unifin Tube Company, London, Ontario

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Manufacturers of Quality-Controlled Tubing and Extruded Aluminum Shapes

Magnetic Ink . . .

. . . printed on checks
and read by machines is
bankers' choice for speeding
growing check volume.

Ever since the war, the nation's bankers have been foundering in a rising tide of paper work—mostly checks. Last week, they picked out a life preserver.

For a long time, a special subcommittee of the American Bankers Assn. had been hunting for something that would keep its members above the flood of checks—checks that have to move through variously complicated channels from the bank where they are cashed to the bank on which they were issued. Every year these checks in transit, or "floaters" grow more numerous. In June, Federal Reserve member banks had an average daily float of \$1,206-million, compared with \$878-million a year earlier, and \$567-million in June, 1954.

• **Common Language**—Human eyes and fingers, scanning and sorting each check, are just not swift enough to keep them moving with the needed speed and accuracy. So the ABA's researchers looked over a whole series of potential mechanical aids. And last week they announced their choice: checks printed with sensitive magnetic ink, legible to the "eyes" of special machines. To reach a "common language" that all banks can read, the checks will rely on Arabic numerals rather than on codes.

The ABA committee recommends no particular machines or types—there are 13 companies competing in the field of automatic reading so far. The way it will probably work at the start is this:

When customer gets his book of blank checks, they will already have printed on them in magnetic ink his account number, the ABA number, a routing symbol, and in some cases the check serial number. A bank receiving a check may choose to reprint—still in magnetic ink—the amount and any other pertinent information that the customer has written in.

Either way, as the check, and its myriad brothers, pass along through clearing houses it will everywhere be handled by machines that can digest and collate the information in the magnetic ink.

• **New Market**—It will probably be a long time before the equipment will be found in every bank. Equipment makers are already licking their chops over the huge sales field opening up, and rushing to perfect their wares. Some equipment makers have pilot models of magnetic ink readers, but it will probably be an-

Corning research in glass means better products, better business—for you



Here's a crystal ball you can trust

It's crystal in appearance, true. But its resemblance to yesterday's prophetic globe ends there.

It's a 3-neck PYREX brand flask researchers use in distillation experiments.

Out of such experiments have come such products as the man-made fibres, improved gasolines, synthetic rubber, new drugs, improved food processing—a thousand products that have changed your living environment in more ways than one.

Less obvious than the results of researchers' work is the research principle this 3-neck flask symbolizes—the principle of *predictability*. PYREX brand laboratory glassware provides one of the predictable *knowns* the scientist relies on in his probing of the unknown.

Such glassware stands up under the attack of acids that reduce even the sturdiest metals to lacework. It copes with the dis-

ruptive and destructive forces of high heats, sudden temperature changes, and rugged handling.

But, the lab is just one spot where industry is profitably turning to the talents of today's *engineered glass*. In custom combinations, the right balance of properties makes special glasses by Corning increasingly useful in both products and processes.

For example, you can choose today from glasses that conduct or insulate against electricity; that selectively absorb or transmit almost any form of radiant energy; that are heavier than concrete or lighter than aluminum; optically clear or purposefully tinted; ribbon-delicate or brick-wall thick.

A small booklet called "Glass and You" provides a concise word-and-picture summary of Corning glass accomplishment.

We'll be glad to send you a copy. No charge. No obligation. It may give you a new approach to the solution of some materials or design problem.



TODAY'S crystal ball takes the shape of many kinds of PYREX brand laboratory glassware, a predictable vehicle for controlled experimentation. Such labware is one example of the way glass meets the demands of diverse and complex purposes.

Corning means research in Glass



CORNING GLASS WORKS, CORNING 4, NEW YORK

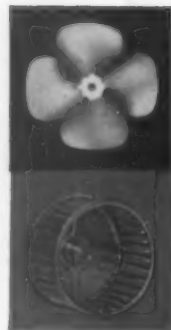


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other 18 months or more before an actual installation is made.

The ABA subcommittee studied a slew of other methods before settling on magnetic ink. First to be discarded were the so-called "carrier" systems—the attaching of tags, strips, or special envelopes to the checks to carry coded information. All of these were held to be too unwieldy.

This left the group with two non-carrier methods, one using fluorescent ink, the other magnetic ink. Magnetic finally got the nod, after long consideration of such factors as accuracy of reading, cost and convenience of printing, and probable customer acceptance. That last is still an unknown factor; the new checks will probably look quite different from conventional ones. Banking officials and equipment makers still have to decide on a type font and where the numerals will be printed on the check so that all reading devices will read uniformly.

• **Cost**—The subcommittee says that once quantity production is achieved, the magnetic inks will cost no more than ordinary ink, though it admits there is a smaller color range and drying takes longer. Printing should not be too costly. Most banks already have some printing equipment, and an ordinary typewriter can use magnetic ink.

FINANCE BRIEFS

One reason why money rates are so high is that in the first half of this year there was a record \$5.3-billion of new corporate securities offered for cash, according to the New York Federal Reserve Bank. This was 8% over 1955. Also, offerings of long-term municipal bonds were up nearly 5% in the first six months, to \$3.8-billion. The record demand for funds has forced postponement of some borrowing, and pushed government bond prices to new lows (page 58).

Kaiser Steel Corp. has spurned the tight public new issues market in favor of a private placement of \$100-million of long-term notes with institutional investors. Of the total, \$70-million was borrowed on 4½% 20-year first mortgage bonds, and \$30-million of 5% promissory notes due in 1981. The money will be taken down as needed between now and first quarter of 1958, with most of it expected to go for expansion of facilities at Fontana, Calif.

Fission for Mickey Mouse: Directors of Walt Disney Productions have voted a 2-for-1 stock split for the company's 652,840 shares. The stock currently is selling for around \$47 bid on the over-the-counter market.

Odor Control Is A Profit Builder!



How to keep talent happy

Despite the finest air conditioning systems and carefully designed studios and offices, both artists and executives of a major recording company complained of annoying food odors. Garlic and other cooking smells from nearby restaurants were drawn in from the outdoors by the air conditioner fresh air intakes. Management, recognizing the adverse effect of poor air quality on personnel efficiency, called in Airkem odor-control experts.

Airkem equipment was installed to vaporize Airkem odor-counteracting solutions into the air stream of the air conditioning system. No other changes in the air conditioning system were required. The odors were neutralized and complaints stopped. Operating personnel stated that even major structural changes could not have duplicated the results of the simple and economical Airkem installation.



Odor Control is a profit builder for transportation companies, amusement areas, cocktail lounges, dairy industries and food handlers.

Airkem has a long record of success in eliminating complaints arising from stale air in offices, stores and restaurants—or in fact, wherever people meet indoors. Airkem formulas are used to neutralize cigarette and food odors in stores and restaurants. Other applications of Airkem formulas include treatment of industrial wastes and product odors, building maintenance and rest room service. Truckers, railroads and ship lines use Airkem to counteract odors from shipping facilities after carrying odorous products.

Mail in the coupon for more information or free survey
by Airkem Field Engineer.

AIRKEM, INC., 241 East 44th Street, New York 17, N. Y.

Send me more information on ☐ Air Conditioning Services
☐ General Odor Control ☐ Industrial Uses ☐ Sanitary Uses
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PRODUCTION



Restarting a Steel Mill



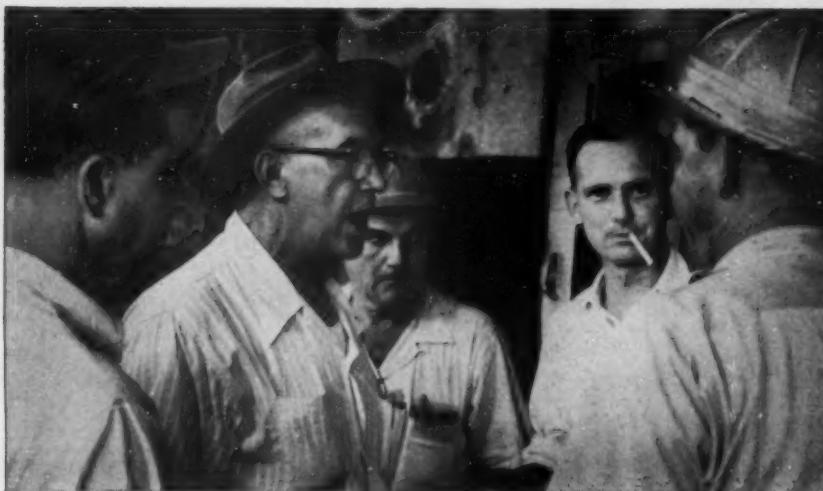
"YOU CAN never tell," says Lukens Steel's operations manager, "just what brickwork is going to do when you heat it up." This week, as the steel industry's huge furnaces (like those above) creaked and roared under the first white heat in over a month, everyone was watching the firebrick. Steel output in the next month will depend, largely, on how many furnaces get through the cooling and reheating cycle without major breakdown.

• **Head Start**—At least one steelmaker knew where he stood by midweek. Lukens Steel, of Coatsville, Pa., was half way through its second week of

BRICKLAYER relines bed of open hearth scheduled by Lukens Steel for repairs.



Lukens' crew watches as one of furnaces heats up, decides:



"Looks bad on the bottom . . . Better count No. 16 out . . .

. . . It's the fantail arch that gave way."

Is Tricky

operations. The company settled up with its local union a week ahead of the rest of the industry, had most of its open hearth furnaces humming.

Lukens' start-up was not without incident. Of the company's 12 open hearths, three had been scheduled for repairs after they were shut down at the beginning of the strike. Repair work on one of them—a minor rebuilding job that would give it a new roof and lining (left)—was well along. The other nine furnaces had to be heated slowly for two or three days to get them up to the temperature of molten steel.

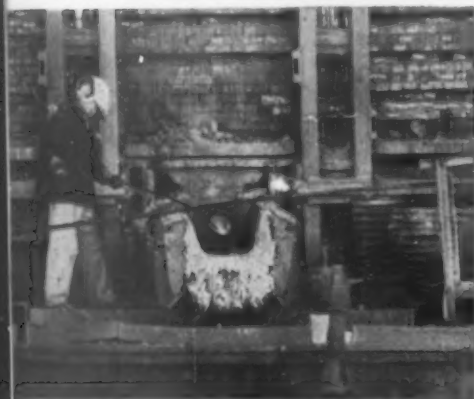
• **Tricky Operation**—An open hearth is a huge structure of firebrick about three stories tall. It's tricky to heat up because the huge ovens are made of firebricks stacked like a house of cards



After furnaces passed through critical heating process, Lukens got down to job of pouring and rolling steel from 10 open hearths.



SAMPLING the first melt, worker casts a test ingot that goes to the laboratory for analysis, where it's checked for alloy content.



TAPPING melt after an O.K. has been received from the lab, a crewman burns out ceramic plug with an oxygen lance.



FIRST STEEL flows after 31 days of shut-down. Heavy plate will roll off nation's largest rolling mill (opposite) 24 hours a day.

(STEEL starts on page 64)

with minimum amount of mortar. When the furnace heats up, the brickwork expands. It's then that the delicately bowed arches of the roof and floor supports are under the worst strain. As the temperature of the brick rises, furnace men lean into 10 ft. long trenches, loosening the bolts of the buckstays that brace the framework of the open hearth.

• **Trouble**—As Lukens fired up its nine open hearths last week, one after the other passed through the critical heating process. For a while, it looked as if all nine would be melting steel by Wednesday night. But Wednesday morning, the floor of furnace No. 16 showed a suspicious sag. The gas was closed off, supervisors and engineers peered into the searing heat to locate the trouble. Below on the casting floor, trouble-shooters chopped through the foundation walls, exposing the arches of brick that support the melting bed. A searchlight picked out a three-or-four-ton pile of bright clean brick, fallen from the top of a fantail arch. It meant the furnace would be out until the maintenance crew, already working on an overtime schedule, had time to do a major rebuilding job.

Lukens' maintenance staff, which numbers about 1,500 of Lukens' 5,300 employees, expects to get the furnaces back on their regular maintenance schedule in about 10 weeks. Ordinarily, Lukens keeps 11 furnaces going, with one down for maintenance and repair. With 11 furnaces in operation, Lukens' capacity is about 750,000 tons of steel a year. With four furnaces inoperative, the bricklayers in Lukens' masonry department worked at top speed. To get a furnace rebuilt, you can't just go out and hire bricklayers from the construction industry. It takes several years to learn the craft of laying the heavy firebrick; so you've got to depend on your own men and their apprentices. It takes a week to complete a relining job, and a major rebuilding operation requires twice as much time.

• **Pouring Begins**—While maintenance crews worked to get the cold furnaces in shape, the other eight open hearths took on their first charges of scrap and pig iron. Shortly after the trouble developed in furnace No. 16, the plant whistle shrieked four short blasts signaling the plants first post-strike pour, and ingots began to move through the soaking pits, to the breakdown and finishing mills. Heavy plate, a Lukens specialty, was rolling off the 206-in.



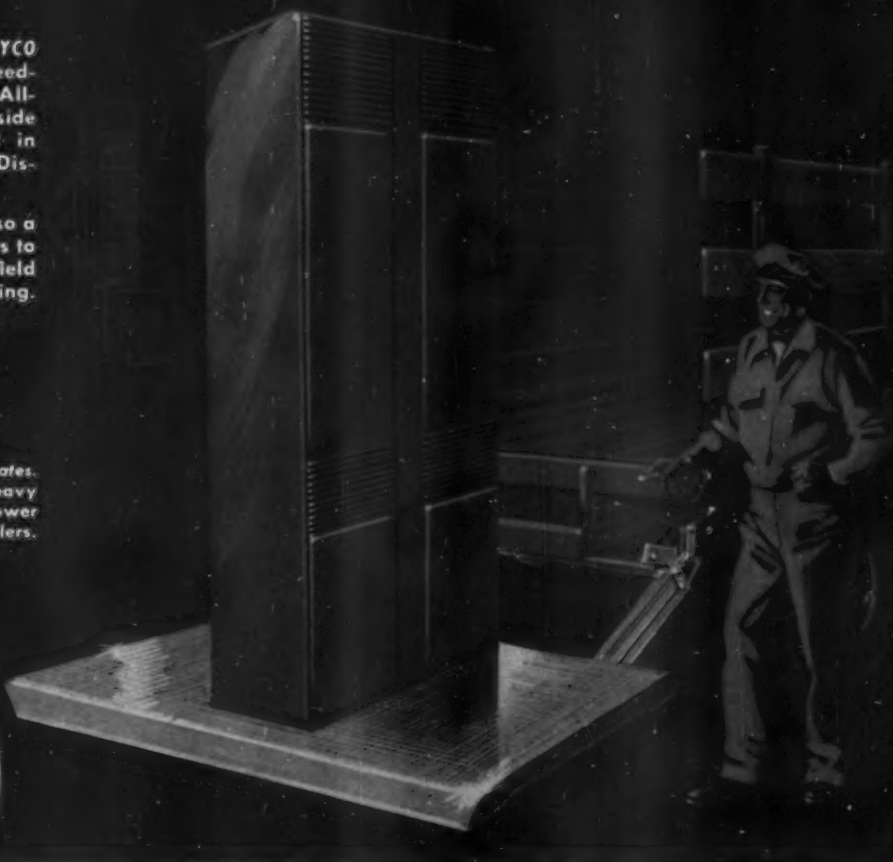


LOOK TO

DAYBROOK HYDRAULIC DIVISION OF LAYCO designs, engineers and produces Speedlift Power Gates, Hydraulic Hoists, All-Steel Dump Bodies, Daybrook-Woodside Power Loaders. Sold and serviced in many countries through Daybrook Distributors and Dealers.

The Daybrook Division of Layco is also a major source of hydraulic power units to suppliers and manufacturers in the field of transportation and materials handling.

Daybrook Speedlift Power Gates. One man lifts and lowers heavy loads safely, in less time, at lower cost. For all trucks and trailers. Up to 4000 lb. capacities.



Wherever you see America's goods and materials on the move, you'll find a Daybrook *speeding up the work and cutting man-hour costs* by mechanizing the job. In businesses and industries by the score. In construction . . . in road-building, maintenance and repair . . . in trucking . . . in agriculture and mining.

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Modern seat and back spring constructions, tubular seat and back frames and interior mouldings for automobiles and trucks.



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Daybrook-Woodside Power Loader lifts up to 4000 lbs. 360° turning radius. Models for all truck makes.



Daybrook All-Steel Dump Bodies and Hydraulic Hoists. Wide range Standard and Special models. Sealed hydraulic cylinders are backed by 1 year warranty.



Long after Daybrook equipment has re-paid for itself over and over again, you'll find it dependably on the job demonstrating the superiority of Daybrook design . . . and re-affirming that "if it's a Daybrook, it's doubly dependable!"

Your Daybrook dealer is an expert in modern materials handling methods. He's experienced in

analyzing your operation and recommending the right equipment.

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SPRING & WIRE CORPORATION



DAYBROOK HYDRAULIC DIVISION



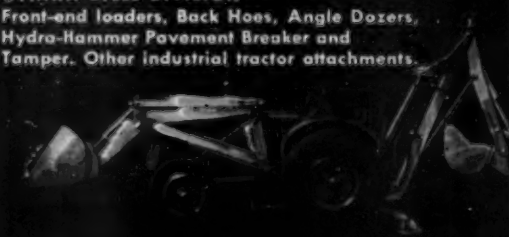
OTTAWA STEEL DIVISION

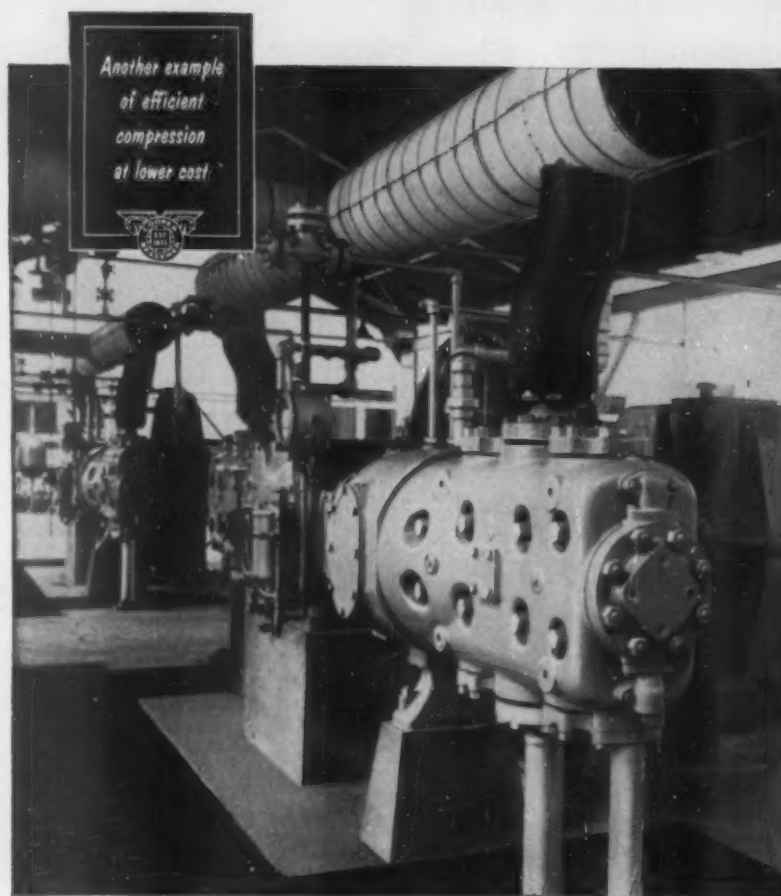
SPRING & WIRE DIVISION
Inner-spring assemblies and Flex-o-lator padding supports for mattresses and furniture. "Paper-Strut" and "All-Wire" Garment Hangers.



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Tracto-Lift heavy duty lift trucks. Up to 15,000 lbs. capacity. 7½ to 25 ft. lift. High ground clearance.

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Front-end loaders, Back Hoes, Angle Dozers, Hydra-Hammer Pavement Breaker and Tamper. Other industrial tractor attachments.





GASES STAY PURE...

with Cooper-Bessemer oil-less compressor cylinders!

• Today a big problem in many processing operations is how to compress gases without contamination from lubricating oil. Cooper-Bessemer has solved this problem with compressor pistons and rings of extremely hard, self-lubricating carbon instead of metal, operating in micro-honed, mirror finish cylinders and requiring no oil what-

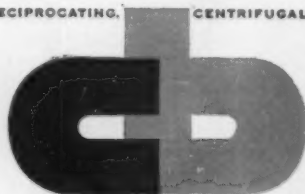
ever! These "non-lubricated" compressors are now operating dependably, efficiently and continuously in some of the world's newest refineries and petrochemical plants.

Whatever your need is in compression or power . . . find out about the new things being done by one of America's oldest engine and compressor builders. It will pay!

ENGINES: GAS, DIESEL, GAS-DIESEL • COMPRESSORS: RECIPROCATING, CENTRIFUGAL

**cooper-
bessemer**

MOUNT VERNON, OHIO • GROVE CITY, PENNA.



mill 24 hours a day by midweek. The mill, the largest in the country, turns out mammoth slabs of plate for ships and large pressure vessels.

• **More Complex Job**—Lukens, with only open hearth furnaces to worry about, is catching up with its maintenance schedule in a hurry, this week had 10 furnaces operating. The company is in a better position to resume production than the fully integrated producers who have to get coke ovens and the tricky blast furnaces, as well as open hearths back into smooth operation.

It takes about three days to get the big blast furnaces running, a couple more days until they are turning out sulphur-free iron of dependable quality. And until they get the iron, the integrated producers can't start up their banks of open hearth furnaces.

The last major steel strike in 1952 lasted 54 days, and the industry required about seven weeks to get back into high gear. While this year's strike was over in 29 days for Lukens and up to 32 to 33 days for the other steel-makers, the furnaces had cooled down, and starting them up presents the same headaches as a longer strike.

Refiners Get New Scale To Measure Latest Fuels

To meet the performance of its new fuels, the gasoline refining industry has a new octane scale—one that extends beyond the old 100-octane mark to take in new fuels with high anti-knock qualities.

Warren M. Wiese, of General Motors' Research staff devised and recommended the extended scale. Now that it has been adopted by the American Society for Testing Materials, it will become official next year.

Until now, octane rating has been measured against a reference fuel made up 100% of iso-octanes (BW-Jul.7 '56,p75). The octane scale rated fuels according to their anti-knock qualities. But newer fuels, consisting of high-octane gasoline plus tetraethyl lead, far exceed the anti-knock performance of 100% iso-octane fuel.

The new scale, which measures these extra-premium blends of gasoline, is a compromise between two rating systems developed as stopgaps to measure performance of aviation fuel: the first, a scale of "performance numbers" set up by the military; the second, a simple extension of the researchers' octane-number scale.

The numbers on the new Wiese scale correlate fairly well with fuel performance. They permit octane number readings up to 120.3. **END**



Can plastic components improve the styling and utility of your products?

Every day more and more manufacturers are taking advantage of the inherent characteristics of plastics for functional design.

Recently, for instance, a revolutionary new concept in manufacturing furniture was made possible by utilizing the unique properties of Monsanto Lustrex® high impact styrene. Three-sided drawers for chests and night stands are molded in one piece, which includes top runners and center-guide flanges. They combine with a wood front that matches the cabinet.

This new achievement in plastics is featured in Sears' Spring line of bedroom furniture. The styrene drawers are being molded for Sears by the Chemical and Metallurgical Division of General Electric Company.

The new plastic components offer both manufacturing and merchandising advantages. Lustrex high impact styrene permits molding of drawers in a wide range of beautiful pastel

colors that require no painting, yet color the product with new sales appeal. One-piece molding cuts assembly time, and the smooth plastic surface requires no finishing. While production costs are lowered, over-all strength of the drawers is increased.

Rounded corners and absence of seams and joints makes cleaning easier. The outstanding dimensional stability of Monsanto Lustrex assures a snug fit—yet prevents warping and sticking in humid weather.

Plastics have been called the raw materials of progress. Perhaps they can save money for you. For the Monsanto Plastics "Fact File" and information about qualified custom molders who can serve you in the application of plastics to your design problems, write Monsanto Chemical Company, Plastics Division, Room 268, Springfield 2, Massachusetts.



Where creative chemistry works wonders for you

*You'll
dry better with*

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PAPER TOWELS!**



The wetter you get, the more you need the special fibers in Fort Howard Paper Towels for superior drying ability. Fort Howard's Controlled Wet Strength process produces towels that stay strong and firm when wet, without losing softness or absorbency.

In addition to economy in use, only Fort Howard offers 18 towel grades and folds — to assure low-cost user satisfaction whatever your washroom requirements. Call your Fort Howard distributor . . . he'll recommend the towel that fits *your* needs exactly!

*For 37 Years Manufacturers of Quality
Towels, Toilet Tissue and Paper Napkins*

**FORT HOWARD
PAPER COMPANY,**
GREEN BAY, WISCONSIN



PRODUCTION BRIEFS

High-energy chemical fuels for missiles and aircraft engines will be produced for the Air Force in a new \$36-million plant to be built by Olin Mathieson Chemical Corp. The facilities, at the Lake Ontario Ordnance Works, in Model City, N. Y. (near Niagara Falls) will also include a smaller plant to make the fuels for the Navy. Olin has been doing research on the fuels since 1952. They are believed to be based on new lithium or boron compounds.

Forged aluminum wheels for tubeless truck tires have been introduced by Aluminum Co. of America. Alcoa says the wheels are designed for general truck use. First wheel size available is 22.5 in. by 7.50 in. Important characteristics are: easy tire changing, tire protection, and lighter weight.

Dewaxing lubricating oils: A new plant being built by Standard Oil Co. (Indiana) at Whiting, Ind., will use a new urea process to dewax oils that are used during sub-zero weather in transformers, refrigerators, and engines. The wax-free oils will flow at -70F. Capacity of the plant, expected in operation by October, is 10-million gal. a year.

New flight test facilities will be built for the Air Force at Palmdale, Calif., by North American Aviation, Inc. The \$5-million project will let the company move all production flight testing away from Los Angeles International Airport. Target date for the flight ramp is January, 1957, and the whole job is expected to be finished by 1958.

Aerial navigation equipment for guiding long-range flights of planes, and possibly intercontinental ballistic missiles, will be produced at a new \$4-million plant to be built near St. Petersburg, Fla., by Minneapolis-Honeywell Regulator Co. Full production is expected by mid-1957.

Synthetic rubber production at Firestone Tire & Rubber Co.'s Lake Charles (La.) plant will be increased by about 40,000 tons a year by the end of 1956. This will give the company, which already claims to be the world's largest producer of synthetic rubber, an annual capacity of 230,000 tons.

LeTourneau-Westinghouse Co. is starting a major factory expansion program that will cost \$9-million and take about a year to complete. About \$6-million will be spent on new facilities in Peoria, Ill., that will manufacture earthmoving and materials handling equipment. The rest goes for expansion of plants at Toccoa, Ga., and Indianapolis.



Best way to put up ceiling tile: Use a Bostitch T5-8 Tacker with Bostitch 9/16" or 1/2" staples. Press nose of tacker firmly into cove formed by tile flange. Squeeze the lever. You can drive three staples 4" apart in about three seconds and go on to next tile. You never mar the face of the tiles, and you can wear gloves to keep them clean.



Fastest way to apply insulation: Use either the Bostitch T5-8 Tacker or H2B Hammer, with Bostitch 3/8" staples. The hammer is faster with a little practice. You can drive staples with a flick of your wrist—*much* faster than hammer and nails. One hand is free to position the insulation. Available at your building supply dealer or local Bostitch office.

Install ceiling tile and insulation the way leading manufacturers approve

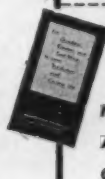
In co-operation with leading makers of ceiling tile and insulation, Bostitch has prepared a booklet which gives detailed instructions for installing these

materials. The following firms have contributed important information for this booklet and approve this method of installation.

Armstrong Cork Company	makers of Temlok® Tile, Temlok® Plank and Cushiontone®.
The Celotex Corporation	makers of Celotex Tile Board and Finish Plank and Celotex Regular and Reflective Rock Wool Blankets.
Infra Insulation, Inc.	makers of Infra Multiple Aluminum Thermal Insulation.
Minnesota & Ontario Paper Company	makers of Insulite Tile Board, Plank, and Interior Board.
National Gypsum Company	makers of Gold Bond Insulation Board Products and Rock Wool Insulation.
Reynolds Metals Company	makers of Reynolds Reflective Aluminum Insulation.
Simpson Logging Company	makers of Decorative Tile Board, Acoustical Tile, and Insulating Board.
United States Gypsum Company	makers of Twin-Tile, Panel-Tile, Quietone, Auditone, USG Insulation Plank, and Red Top Insulating Wool.
American Sisalkraft Corporation	makers of Sisalkraft and Sisalation.
Wood Conversion Company	makers of Balsam-Wool and Nu-Wood Ceiling Tile.

FREE BOOKLET — SEND COUPON FOR YOUR COPY

Fasten it better and faster with



BOSTITCH, 448 Mechanic Street, Westerly, R. I.

Please send me your free booklet describing the best way to install ceiling tile and insulation.

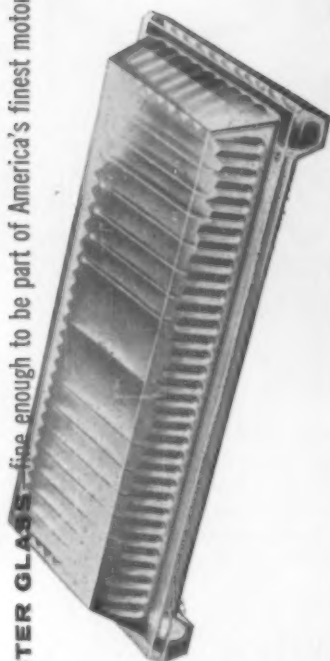
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LANCASTER GLASS—fine enough to be part of America's finest motor car



Creating an auto of great beauty and distinction—one designed to meet the tastes and tests of the most discriminating buyer—calls for a very discriminating choice of appointments and suppliers.

That Lancaster glass was chosen for the Continental dome light, to high-light the luxurious interior of the Mark II, is indeed a high tribute to Lancaster's optical experience and design skill.

The superior quality of this design and production experience in glass and plastics—acquired as a custom manufacturer of components for America's foremost companies—can lend distinction, utility and sales appeal to your product. Write today for full details.



THE LANCASTER LENS CO., LANCASTER 4, OHIO

14 New Products

NEW PRODUCTS



CBS Portable equipment consists of a 3-lb. camera and a 28-lb. transmitter. The camera unit is aimed like a regular movie maker.



NBC Experimental system weighs 19 lb., and can be aimed around corners. Operator monitors picture through tiny screen unit hanging around his neck.

Lighter-Weight Cameras Give TV Extra Reach

When the Democratic convention gets under way in Chicago next week, both major TV networks will unveil portable transmitting equipment that will keep you literally face-to-face with speakers on the floor. And the close-up peeking will be continued at the Republican convention two weeks later.

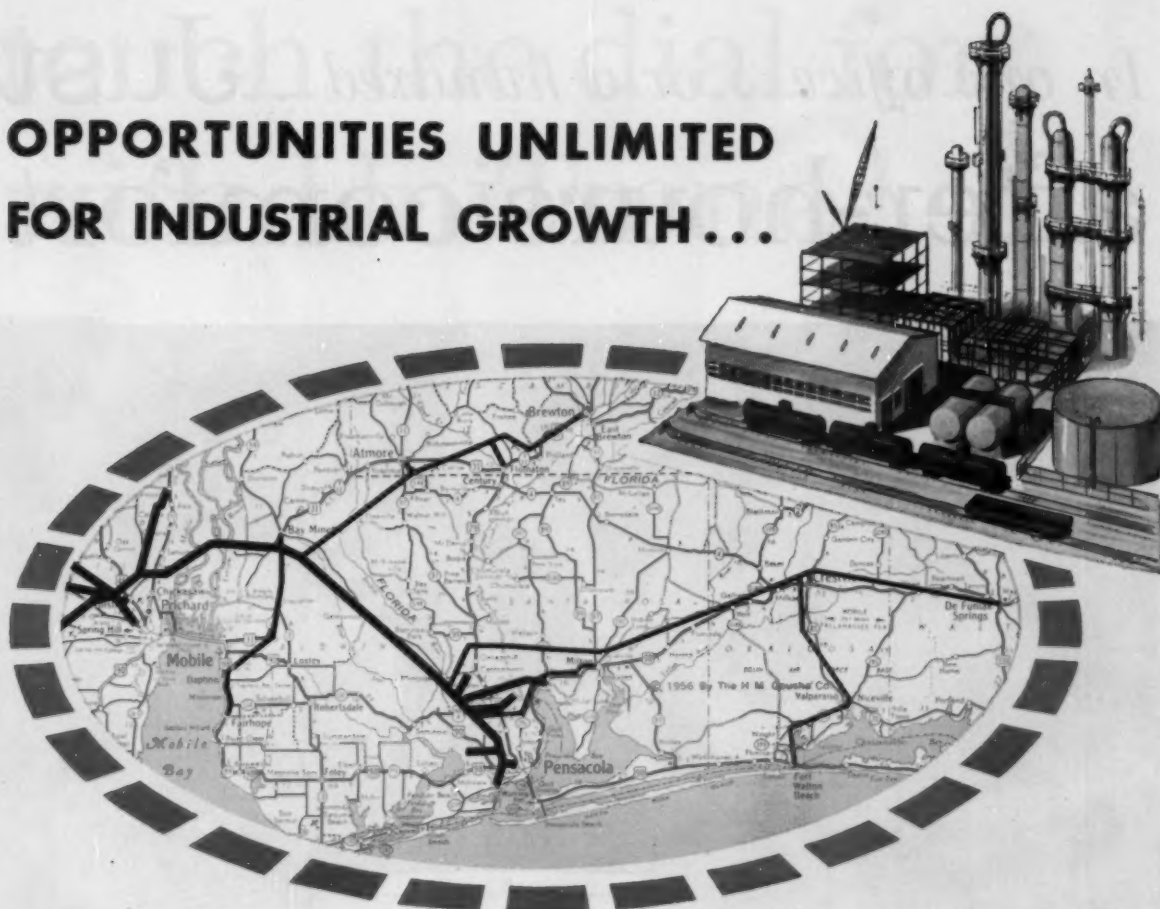
The Columbia Broadcasting System equipment (top picture) was designed in France by Compagnie General de Telegraphie Sans Fil and made by its U.S. affiliate, Intercontinental Electronics Corp., Garden City, N. Y. It uses a 3-lb. camera and a 28-lb. transmitter.

The other unit (above left) is an experimental system made by Radio Corp. of America and used by its National Broadcasting Co. affiliate. It weighs a total of 19 lb. and is believed to be the lightest completely portable pick-up and transmitting system built. Like the CBS equipment, it is designed to be carried into close quarters by one man and transmit a picture signal that can be relayed across the country by regular equipment.

• **Bigger Coverage**—Besides their jobs at the Presidential conventions, the two portable cameras are expected to extend

BUSINESS WEEK • Aug. 11, 1956

OPPORTUNITIES UNLIMITED FOR INDUSTRIAL GROWTH...



... in this section of the growing **GULF SOUTH**

This is the fifth of a series describing the area served by United Gas. Heavy lines on map represent United Gas pipe lines. Lighter lines are systems obtaining gas from United on the Alabama-Northwest Florida Coast.

Many new and expanding industries have found in this Alabama-Northwest Florida Gulf Coast area all of the factors important to profitable operation and steady growth. Here they have found a healthy business climate amid thriving markets, access to world trade through deep-water ports, diversified raw materials, adequate supplies of dependable natural gas, an abundance of fresh water, willing workers, friendly governments and a superb year-around climate. When looking for a new plant location where you can grow, you, too, will find opportunities unlimited in the growing Gulf South.

UNITED GAS

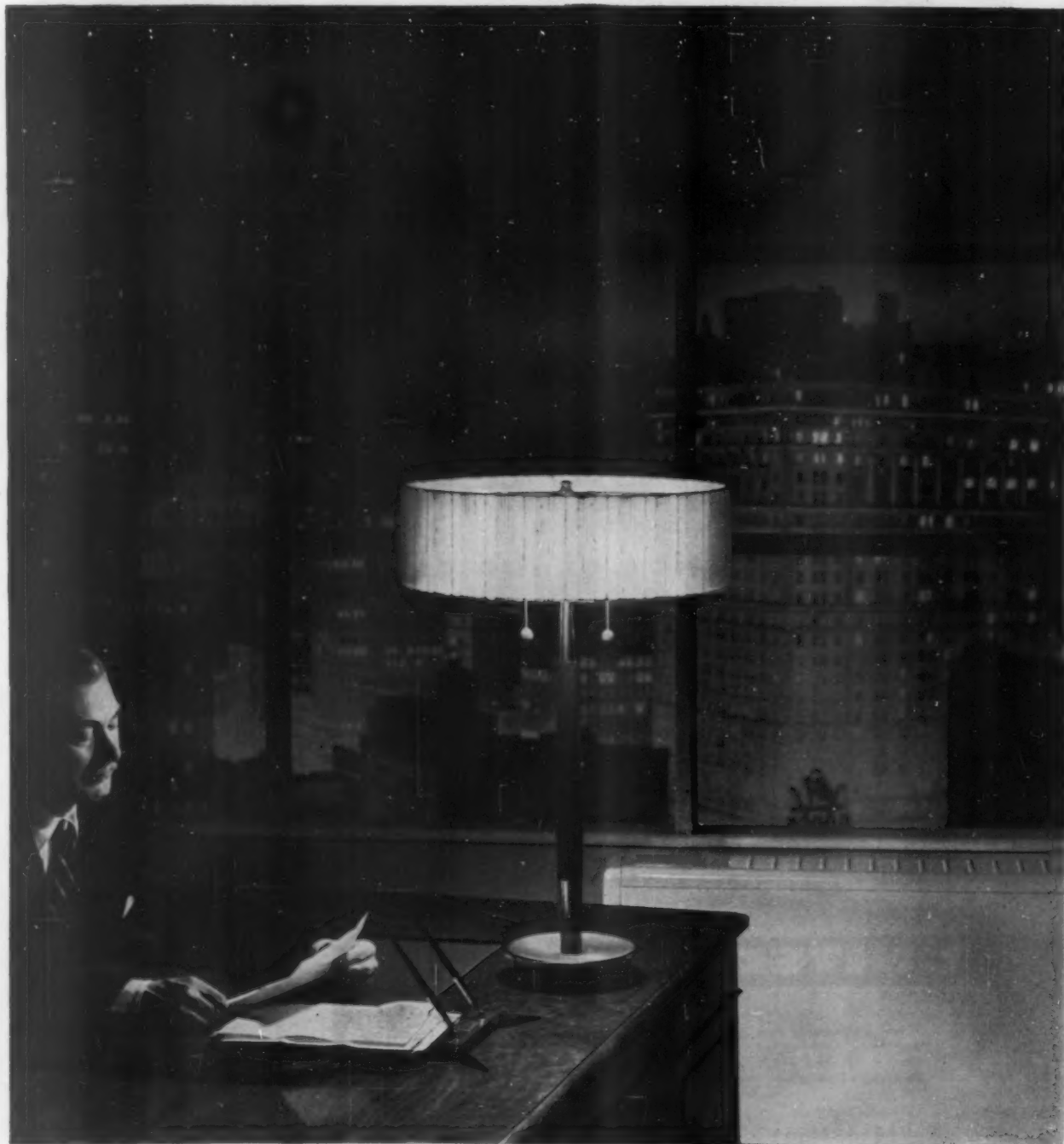
SERVING THE *Gulf South*

If fuel is a factor in your operations, write United Gas, P. O. Box 1407, Shreveport, Louisiana.



UNITED GAS CORPORATION • UNITED GAS PIPE LINE COMPANY • UNION PRODUCING COMPANY

In one office...or a hundred... **Just**
after-hours comfort



touch the dial for with UniTrane!

*These UniTrane units are individually controlled
to give you cooling where and when you need it!*

Here's air conditioning that's personalized to give you not only greater control of comfort—but built-in cost control, too! Whether you're cooling an entire skyscraper during the business day, or a single office after hours, you use only the cooling you actually need. With these fan-coil UniTrane Air Conditioners, you operate each individual room unit independently... you can turn the cooling on or turn it off, without upsetting the balance of the system.

Day or night, the operating costs of your fan-coil UniTrane system are matched with your actual needs—matched with all the varying requirements of your office building, hotel or apartment of almost any size or type.

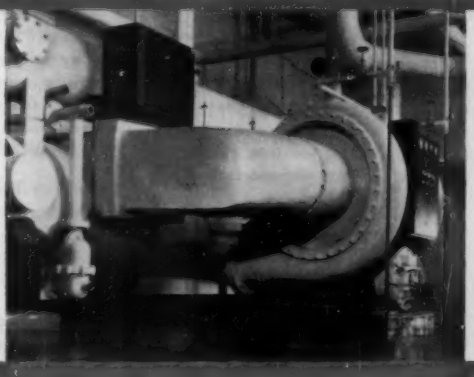
There are other types of UniTrane units,

also, to create whatever type of system is right for your building, your needs, your budget. For example, if a high pressure induction air conditioning system is best for you, your architect or engineer can specify TRANE Induction Type UniTrane units. They not only condition all the air, but completely filter it, too—another exclusive TRANE feature.

So, for year around comfort... for air conditioning that not only cools, but holds costs down... make it UniTrane! Select from the country's broadest, most complete line of air conditioning, heating and ventilating equipment—everything you need for a system that's best for you. Have your architect or engineer consult your nearest TRANE Sales Office, or write TRANE, La Crosse, Wis.

No wasted cooling! As the need for air conditioning varies, this TRANE CenTraVac paces itself to supply just the amount of cooling required—*automatically* adjusts its use of power in almost direct proportion to the cooling needs. Hermetically sealed, the CenTraVac starts, stops, runs by itself.

UniTrane model illustrated (left) is the famous TRANE fan-coil unit. Both UniTrane models (fan-coil and induction) heat or cool, ventilate, dehumidify and filter the air.



For heating, cooling, ventilating... For any air condition, turn to

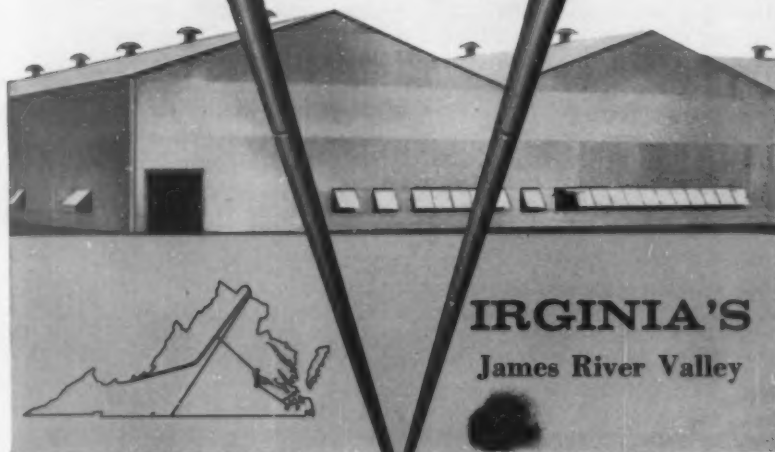
TRANE

MANUFACTURING ENGINEERS

The TRANE Company, La Crosse, Wis. • Eastern Mfg. Div., Scranton, Pa. • TRANE Company of Canada, Ltd., Toronto
90 U.S. and 19 Canadian Offices

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for Nation's most modern
aluminum
extrusion plant



When the Reynolds Metals Company decided to build a new \$5,500,000 aluminum extrusion plant that would serve its entire eastern market, it sought a central location geared for industry and fast transportation.

Reynolds chose Virginia. And in Virginia, Reynolds picked the James River Valley served by Commonwealth Natural Gas. The same plant advantages that Reynolds and other leading manufacturers are profiting by in this natural center of the East can be yours.

Ample, Efficient Natural Gas... A network of pipelines, like the new 6" line to Reynolds, services the James River Valley. Abundant other forms

of power, if needed, and raw materials are on tap, too. There are vast water resources from the James River and underground... and no waste disposal problems.

Four Way Transportation. Over 300 shiplines... 4 airlines... 9 major railroads and 45 truck lines. Choice deepwater frontage available up to 90 miles inland along the James... short haul to the big Northeastern and Southern markets... favorable freight rates to the Mid-West.

For Site-Finding Help in Virginia... and facts about... favorable taxes, plentiful manpower, mild climate and sound government, write today in complete confidence.

INDUSTRIAL DEVELOPMENT DEPARTMENT
Commonwealth Natural Gas Corp.
116 South Third Street • Richmond, Virginia

television coverage in many other areas. They can be carried into places where the cables for standard equipment can not be used—such as many crowded areas and sites of spot news developments. With this equipment, television could cover such things as airplane disasters in mountainous or swampy country, and ship collisions.

It could also add a new dimension to living room enjoyment of sports events and television sightseeing. Several cameramen could wander around a baseball park and give a constantly changing view of the action. Or, a few portable units could provide complete coverage of state fairs and other big expositions. And the lightweight units could take to the air for shots from aircraft.

In addition to big events coverage, the portable units can be used in areas too small to contain the equipment and manpower needed to operate conventional gear.

Intercontinental Electronics Corp.'s camera and transmitter unit is priced at \$17,500. RCA's model isn't on the market yet, but its 1-in. camera tube will be made available to television camera manufacturers shortly.

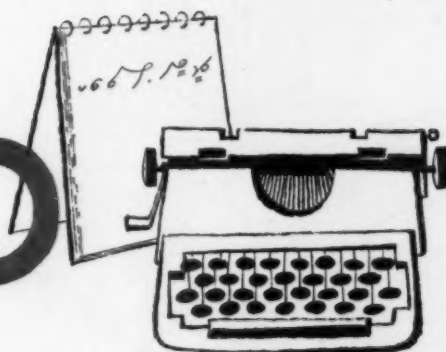
NEW PRODUCTS BRIEFS

A fluorescent lamp designed to give up to 2½ times the light of conventional models is being made by Sylvania Electric Products, Inc. The lamp, which uses neon gas instead of the usual argon, requires a new ballast (a unit that converts regular current for fluorescent use) for maximum efficiency. A 4-ft. lamp costs \$4.50, about twice as much as the standard kind.

Aluminum-backed glass paneling: A new construction material made by enameling the back of ⅛ in. tempered glass, then welding it to an aluminum sheet is being manufactured by Blue Ridge Glass Corp. The combination is available in 12 regular colors, is said to be three to five times stronger than regular glass of the same thickness, and is suitable for both indoor and outdoor jobs. The sales agent is Libbey-Owens Ford Glass Co., of Toledo 3.

Self-regulating auto clocks are being made for several of the 1957 model cars by Westclox Div. of General Time Corp. When the electric clock is reset to the correct time it is automatically adjusted to reduce the possibility of gaining or losing time again. For example: When you turn back the hands of the clock two minutes, you are also setting it to run a little slower. Clock costs about the same as conventional models.

HOW TO



reduce dictation and typing time

Auto-feed *

Only Dri-Stat gives you Auto-Feed, the automatic fingers that take the paper from your hands and feed it into the processor at precisely the correct speed. There is no possibility of error. And only Dri-Stat gives you "Bright-Light" operation for sharp photocopies, even in bright office light.



You don't need to waste your secretary's time on short letters of acknowledgment, brief comments on reports, answers to written questions and most other types of short correspondence.

Now dictation and typing of this sort can be entirely eliminated. You need only to write your comments or answer on incoming correspondence. Then make a Dri-Stat copy for return by the next outgoing mail. It will cost you less than a minute of your secretary's time. Keep the original for your file and return the photographically accurate Dri-Stat copy containing your hand-written note.

Your secretary can keep a Dri-Stat office photocopier right on her desk. It will operate efficiently in normal office light; does not require shields, booths or other inconvenient light deflectors. And brief instructions at the time your Dri-Stat is delivered are sufficient to make anyone in your office a photocopy expert.

A Dri-Stat system is surprisingly low in cost. It will do every copy job inexpensively and efficiently. Write us for more information, or call your nearest Peerless distributor and ask to see how Dri-Stat can reduce your clerical load.

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Continental metal containers create extra
selling excitement for hundreds of products*

To get along in this fast-moving, self-service age, a product needs all the "take-me-home" appeal it can muster. That is why more and more companies are turning to Continental to design and supply tailor-made Continental cans. These modern containers, lithographed in glowing colors, beam sales confidence while giving utmost protection to their contents.

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If you have a product which can benefit from the skill of our package designers and lithographers, we'll be delighted to work with you to produce a package with built-in "take-me-home" appeal. Continental Can Company, New York 17. Continental Can Company of Canada, Ltd., Montreal.

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PAPER CONTAINERS • FLEXIBLE PACKAGING • CONOLITE®
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CONTINENTAL  CAN COMPANY

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Division of U. S. INDUSTRIES, Inc.



Here's How the Hotel Chains Line Up . . .

HOTEL SYSTEM	ROOMS*	UNITS*	CITIES*
Hilton Hotels Corp.	25,004	24	21
Sheraton Hotels.	22,583	42	31
Milner Hotels.	22,000	200	154
Pick Hotels Corp.	8,500	24	21
Affiliated National Hotels.	8,336	29	21
Western Hotels, Inc.	7,390	23	17
Knott Hotels Corp.	6,554	24	15
Alsonett Hotels.	6,500	38	27
Massaglia Hotels.	6,500	11	11
Hotel Corp. of America.	5,600	5	5

*IN U. S. AND CANADA

At right is the standing of leading hotel chains in the postwar race to centralize ownership. They're turning now to building new hotels, for they are . . .

Running Out of Hotels to Buy

If you travel, you are being watched. Where you stop off, what you do on the road, how you like to relax are all grist for the researchers in the hotel industry.

If you go to conventions, the chances are that your room reservations for a year ahead have already been penciled in on hotel managers' planning charts.

All of this concern about what the traveler does and plans to do has mounted with the spread of the hotel empires in the postwar years. Right now, there are about 10 big hotel chains with nationwide aspirations and holdings (chart). And close behind them are dozens of regional chains that could reach national standing.

• **Making Headlines**—Hilton Hotels Corp. (BW—Sep. 18 '54, p186) and Sheraton Hotels, the two leaders today, were themselves small regional chains at the end of the war. Coincidentally, both were incorporated in May, 1946, and their scramble for the No. 1 spot has been making headlines ever since.

When the smoke settles around their recent purchases and sales, Hilton will still be in first place. But Sheraton has been gaining fast. This fall, when Hilton turns over its 2,500-room New Yorker to Massaglia Hotels, the new owners, its room count in the U. S. and Canada will be 25,004. This is only a shade above Sheraton's total of 24,360 rooms after the purchase of the 22 Eppley hotels this spring. Sheraton this week sold 12 small Eppley hotels to Fields Management Co. for \$4.5-million. All are under 200 rooms; two are resort hotels. This leaves Sheraton with a room count of 22,583 in the U. S. and Canada.

• **Close Race**—In the market value of assets, the race is also close. Conrad Hilton said recently that he would be

willing to pay \$218-million for his hotels if he were buying them today. Ernest Henderson, president of Sheraton, puts his total assets at something over \$225-million.

These figures are far from final. Neither chain shows any sign of slackening growth. Up to now, both have fattened largely on a diet of secondhand hotels. In the future, more of the growth will come from building new hotels. Sheraton has a new hotel scheduled for completion early next year in Philadelphia and is firming up plans for three new highway hotels. Hilton has just announced a new hotel for Pittsburgh and is dickering for new units in eight other major cities.

• **Few New Hotels Yet**—Led by Hilton and Sheraton, the chains have taken up just about all the attractive offerings on the used-inn market since the war. Aside from resort hotels, only about 250 hotels in the U. S. can boast of 400 rooms or more, and more than two-thirds of these are now in chain ownership. The 10 biggest chains own about 80 big hotels.

This means that the pickings are slimmer and costlier in the secondhand market. Yet construction costs are high, and very few new hotels have been built. According to Horwath & Horwath, hotel accountants, only about 89,000 rooms have been added in the last 10 years, compared with 500,000 rooms in the 10 years following World War I.

I. The Pace-Setters

In all their growth, Hilton and Sheraton have advanced along basically different lines. Hilton has kept close to the bigger cities, concentrating on the big

downtown hotel, with its conventions and other special functions. Sheraton also has big city convention hotels, but it has spread, too, into the smaller cities. Hilton is entrenched in 21 cities, Sheraton in 31 cities in the U. S. and Canada.

• **Foreign Fields**—Sheraton moved into the foreign field in 1949, but has kept fairly close to its Boston headquarters with six hotels in eastern Canada. However, Sheraton is shopping and hopes to be in Europe soon if the right offer turns up.

Hilton, starting close to home with its Puerto Rican hotel (also in 1949), has long since jumped the ocean with openings in Spain and Turkey. Six foreign hotels are under construction, and three more are already planned. Hilton will go into Canada for the first time next year when it starts to manage the new \$20-million Queen Elizabeth in Montreal for the Canadian National Railways.

Motor court trade has no place in Hilton's future plans. However, Sheraton has found a spot in its future planning for the highway traveler. If the three highway hotels now planned prove successful, this branch of Sheraton's business will grow nationally to some 30 units.

Another experiment that might affect Sheraton's future is the 600-room former resort hotel in French Lick, Ind. Sheraton hopes to turn the French Lick-Sheraton into a big-scale convention property.

All of this points up the fact that Sheraton is one of the most diversified hotel chains, regardless of size. Vying with Hilton for the downtown business, Sheraton is also going out on the highway. It plans to be in the running for

**Another reason why Hammermill Bond prints better,
types better, looks better**



Because this man talks back to the boss, you get better Hammermill Bond

IT'S not enough that almost everyone else in the plant has okayed Hammermill Bond at some step during its trip from pulp to packaging. This man won't take *anyone's* okay.

It's his job to pull sealed cartons off the conveyor at random and open them up to see for himself. He checks on 32 qualities that have already been okayed.

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Labels have to be straight, cartons tightly taped. Information on the ream labels inside must match the carton labels. Ream wrappers must not be torn or split.

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tomers could. And his job is just one of many *extra* steps Hammermill takes to see that the Hammermill Bond you get 1) *prints* better, 2) *types* better, 3) *looks* better. Hammermill Paper Company, Erie, Pennsylvania.

Printers everywhere use Hammermill papers. Many display this shield.



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BOND costs no more**

-and actually saves them money over other watermarked papers



HENDERSON of Sheraton looks ahead to new hotels, in cities and on highways.

just about any hotel business that would benefit from centralized management and control.

• **Head Host**—Guiding this growth is Pres. Ernest Henderson, a shrewd Yankee businessman. Born in genteel but hardly guileless Boston in 1897, Henderson combines both the flint and the refinements of the proper Bostonian. While running a hard-hitting business operation, Henderson still finds time to compose music, write poetry, operate a ham radio station, and collect fine examples of antique furniture.

At Harvard, Henderson met Robert L. Moore, who was to be a lifelong business associate. With the outbreak of World War I, both joined up as pilots, Henderson in the Navy and Moore in the Lafayette Escadrille. After the war, they imported war surplus goods from Europe in association with Henderson's elder brother, George.

• **Lessons**—This was a far cry from hotels, but dealing in war surplus gave Henderson and his associates a lively appreciation of the gain that comes from recognizing and marketing an undervalued asset. Buying up all sorts of goods in Europe, they were able to realize tidy margins in the U.S. consumer markets of the 1920s.

There were some near misses, to be sure—for example, the shipment of ersatz men's suits from Germany, made of wood pulp. Despite their low price, there were few takers. Just as the importers were ready to write them off, a company salesman got a big order from

GM Power Opens New Horizons



Big Producer on Small Earthmoving Jobs

This Model S-7 Euclid Scraper, with a level payload capacity of seven cubic yards or about 10 tons, cuts time and costs on a wide range of jobs. Built for heavy duty service, it has exceptional maneuverability for close quarter work.

Wherever relatively small yardages of material must be moved—grading industrial plant sites, land leveling for shopping centers, schools and housing developments, landscaping and clean-up work—this Euclid digs in and gets the job done. It can move from one job to another under its own power at a travel speed of 25 mph or more. One California contractor, for example, who specializes in grading work for schools is using a fleet of these Euclid Scrapers. As one job is completed the

scrapers move on to another—it's not unusual for them to work at two or even three locations every couple of days.

You'll find the S-7 on larger jobs, too. Its rugged construction and 143 h. p. make it an efficient machine for industrial stockpiling, for secondary and private road construction, and as supplementary equipment on other projects where small scrapers can be used to good advantage.

If your operations require the use of earth-moving equipment—scrapers, crawler tractors, rear-dump or bottom-dump haulers—we'll be glad to send you information that may open a new horizon of lower costs and show you why *Euclids are your best investment.*



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GENERAL MOTORS CORPORATION

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Commercial Credit Company, capital and surplus over \$190,000,000

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more
cash
mean
more
profitable
operations?
Consult
Commercial
Credit**

a New York undertaker and cleaned out the warehouse.

With the import business flourishing, Henderson and Moore decided to make it a two-way street. Looking for something Europe wanted, they saw possibilities in the infant radio industry. Assembling and exporting radios to Europe, they discovered that they could undercut domestic producers. This led to a chain of 30 radio shops in New England under the name of World Radio, which grossed about \$1-million a year.

• **Cashing on the Crash**—The stock market crash of 1929 got Henderson and his associates interested in a new breed of undervalued assets—common stocks. Chart-reading convinced them that real estate typically touches bottom about a year after the low points in stocks. So they began shopping for bargains in office buildings and apartment houses. In 1934, as an experiment, they bought up the equity of the Hotel Continental in Cambridge, Mass., at an auction.

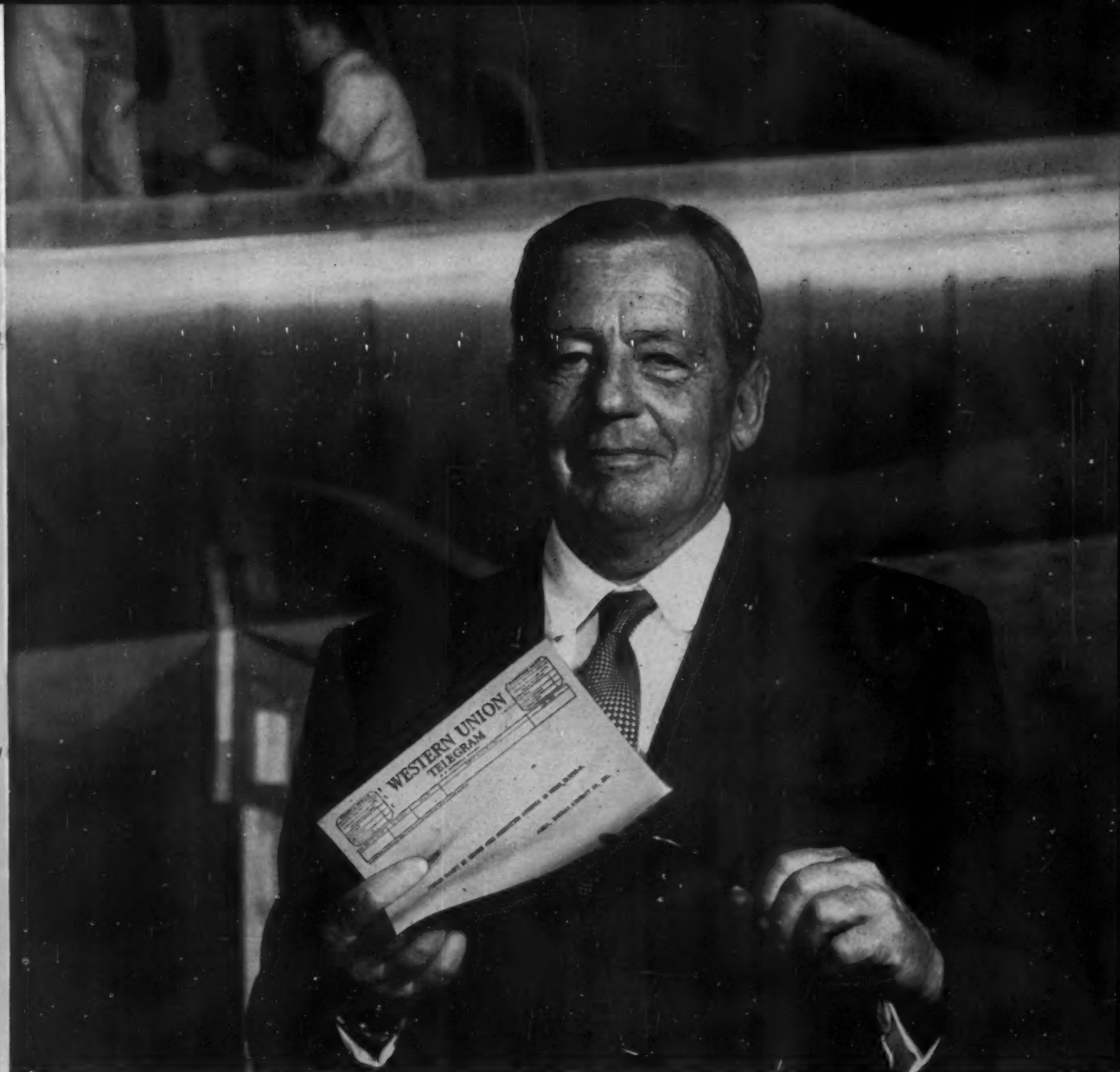
By 1939, they had four hotels and were convinced that they wanted to stay in the hotel business. Taking the name from one of their hotels, the old Sheraton in Boston, they began linking up a hotel chain in earnest.

• **Postwar Move**—Schooled in appraising undervalued assets, experienced in the operation of hotels, and bolstered by stock listing on the Big Board in 1946, Sheraton was in a strong position to move far in the postwar shuffle of hotel properties.

The slide in room occupancy rates in 1947 pushed a lot of hotel properties into the market. Owners had reaped handsome profits during the war years. Occupancy was high, while wartime shortages meant that little or nothing could be spent on maintenance. In 1947, occupancy slumped, while owners were faced with heavy deferred outlays for repairs and refurbishing. Many chose to put their property on the market for what it would bring, creating a big secondhand market for Sheraton and the other chains.

Because management practices were so lax in many of these hotels, Sheraton and the other chains were able to show quick improvement of finances under their centralized control. Many of the hotels up for sale were being run by banks and insurance companies that had taken over when bonds were defaulted or mortgages foreclosed in the 1930s. In others, family ownership, sometimes in the third generation, had helped keep management committed to unprofitable traditions.

Sheraton's growth strategy was much like that of the other chains—find a promising hotel that was in trouble, snap it up at a bargain price, then sand-



Donald W. Douglas, President and Chairman of the Board, Douglas Aircraft Co., Inc., as photographed by Mead-Maddick

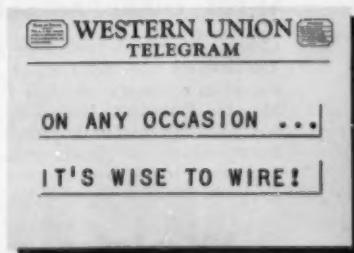
Donald Douglas puts wings on his DC-8 jet with telegrams

"The age of commercial jet transport would be delayed years without telegrams," says Mr. Douglas. "In resolving problems of design, engineering, tooling, fabrication and procurement, wires daily save us weeks of precious time. For instance, six giant spar-cap blanks, backbone of the DC-8 wing, were ordered from the nation's largest hydraulic press. Telegrams straightened out a press scheduling error that might well have been disastrous, timewise."

More than a million times a day business

finds it wise to wire. Telegrams quote prices, confirm orders, route shipments. Speed plus the written record make the telegram essential to American business.

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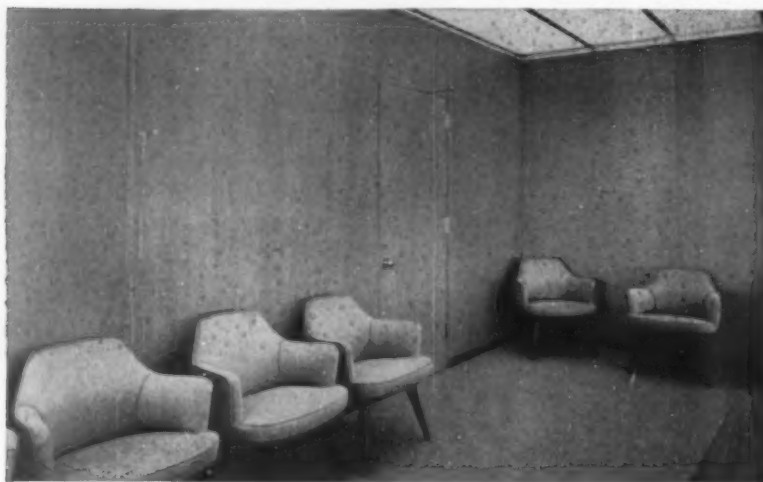
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paper the property into a precision money maker. This strategy has apparently paid off.

II. New Hotels Coming

Many of the existing hotels were built in the 1920s, and they aren't always satisfactory to the chains that now own them. Few were designed with modern hotel management practices in mind. Those built during Prohibition tended to minimize public function rooms and bars, meaning they are now deficient in convention space. With conventions an increasingly important factor in keeping big-city hotel rooms full, many chains are giving more thought to new construction.

This is why Sheraton laid out \$1.5-million for a big convention ballroom in Washington, D. C. And why Hilton has been willing to pay the price to acquire most of the major city hotels built in the U. S. since 1945.

Secondhand hotels will still attract the chains, if the price is right, but more of the growth in the years ahead will come from new building.

• **Local Financing**—Hilton's and Sheraton's recent announcements reveal their formula for financing this new construction. Both chains, in effect, are offering a private Point 4 program for hotel-hungry communities.

If local groups will get together most of the financing, the chains will kick in a thin slice of the construction costs, sometimes pay for the furnishings, and usually provide the working capital. This gives a chain a new, efficient property at minimum risk.

III. Smaller Chains

Not all the hotel chains will follow the expansion policies of Hilton and Sheraton.

Milner Hotels Management Co., for example, with 22,000 rooms is right behind Sheraton, but it never builds a hotel. And it specializes in smaller hotels, averaging about 125 rooms renting at \$2-\$2.50. The 350-room New Endicott in New York City is the biggest of its 200-odd hotels, putting Milner well out of the race for national convention sites.

• **Knott Chain**—Knott Hotels Corp., according to Hotel Management magazine, was the biggest national chain in the 1930s and was in 1945 the only hotel corporation with its stock traded on an organized exchange. As such, it might have been out in front in the postwar growth of chains. But 35% of the voting stock is controlled by the Knott family, and, despite numerous overtures, the Knotts decided to keep their operation basically unchanged in character. Their stock had paid a dividend in every year since 1936, and

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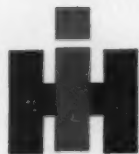
Users report that International 300 Utility power and weight step up output with equipment combinations like this rear-mounted backhoe and front-mounted loader with dozer blade attachment.

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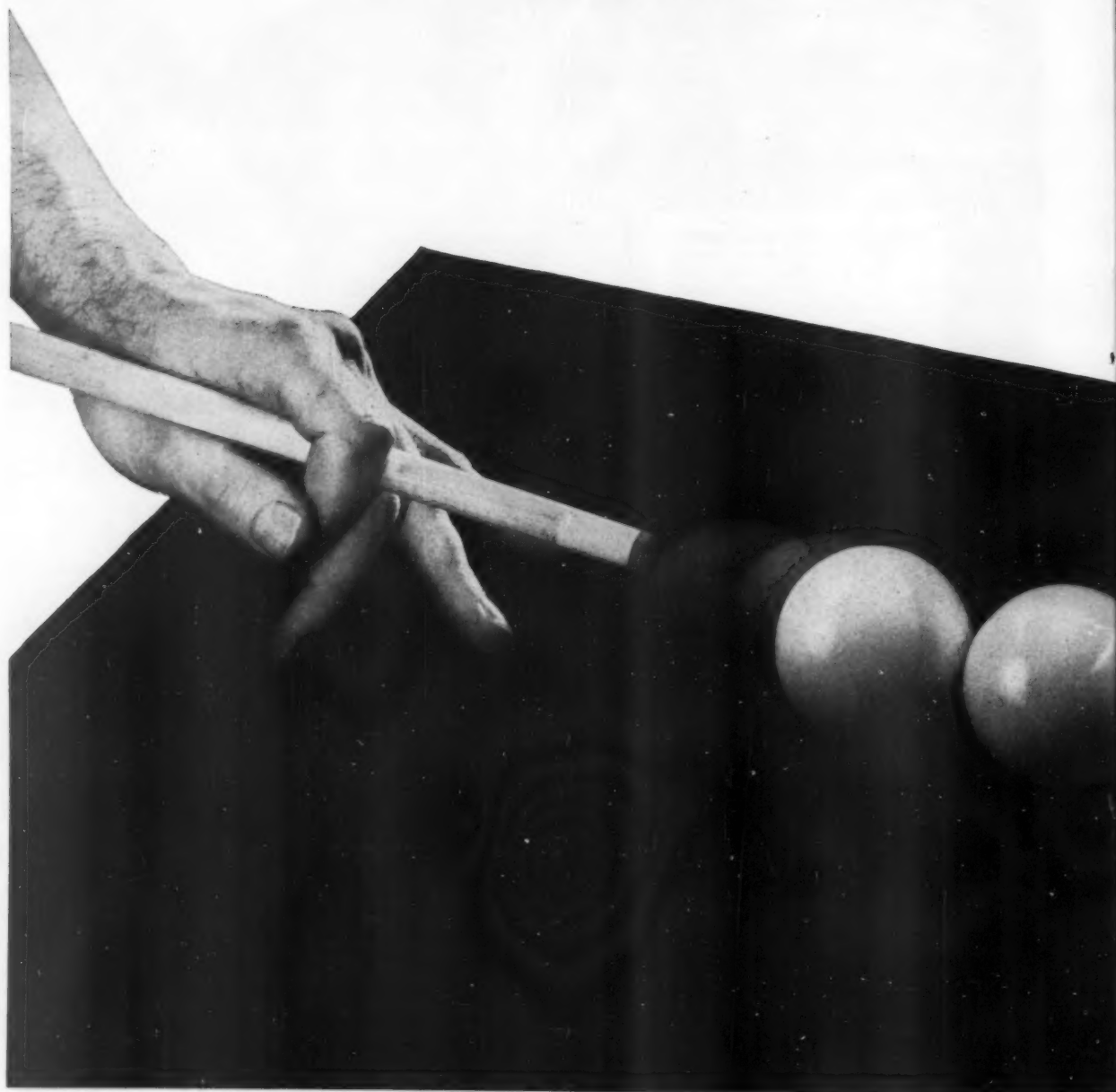
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**A "chain reaction"
fills customers' needs**



Marketing in action...

Behind the eightball due to an outage of an ammonia plant at Marcus Hook, Pa., Olin Mathieson again brought into play its unique flexibility to relieve an emergency that threatened the operation of scores of important industries in that area.

The key to the problem was Olin Mathieson's fertilizer plant at far-off Pasadena, Texas. Production there was immediately

shifted from a high-nitrogen fertilizer to a grade requiring considerably less ammonia. The ammonia—thus "saved"—which was normally supplied from the Lake Charles Plant, was shifted to consumers in the Midwest formerly served by the plant at Morgantown, W. Va. Ammonia from that point could then be shipped into the area menaced by the sudden shortage.

See how Creative Chemical Marketing can help you

Multi-plant facilities, diversified end-use pattern and strategic plant locations—combined with an imaginative approach to the logistics of the chemical industry—produce results. Olin Mathieson customers accordingly benefit in day-to-day operations as well as in emergencies.

If you buy caustic soda, sulphuric acid, ammonia, soda ash or chlorine, Olin Mathieson's creative marketing can work for you.

For further information, we suggest that you contact our Chemicals Executive Office in Baltimore.

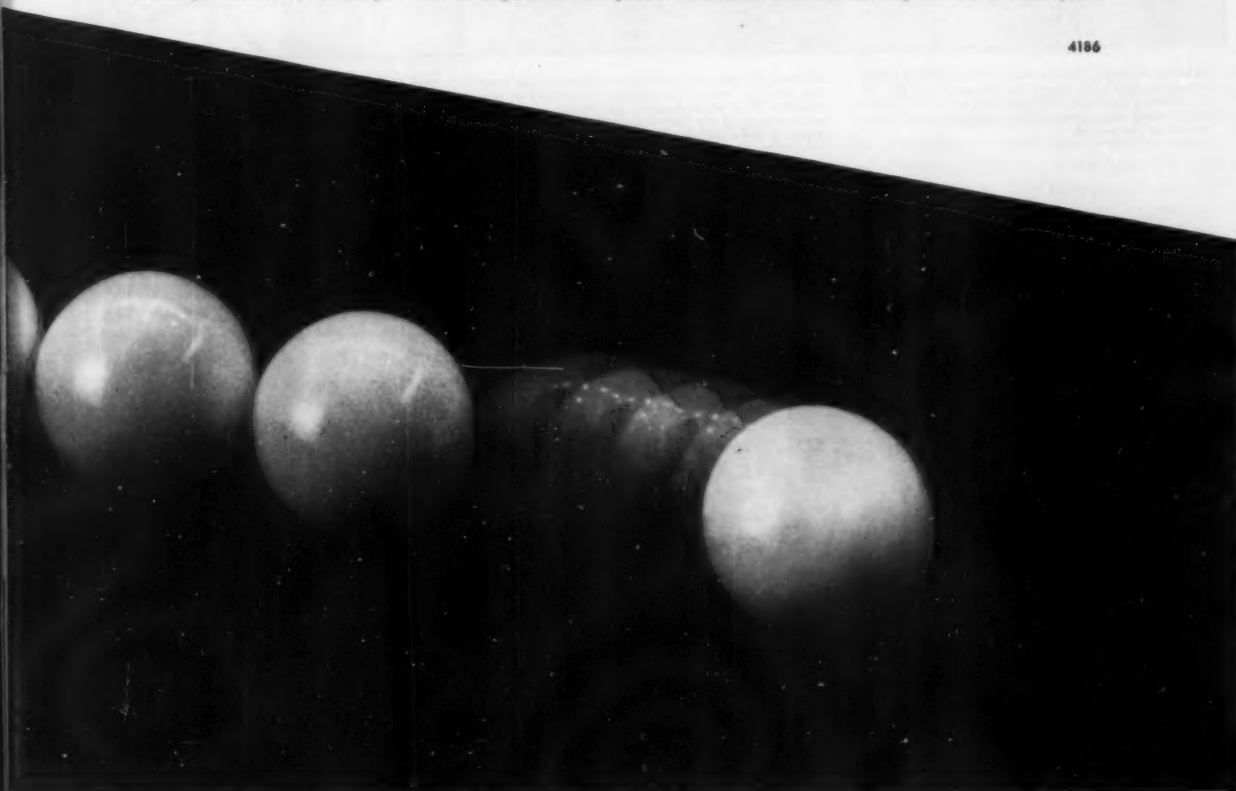


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Life and Casualty Tower will be the tallest commercial structure in the southeastern United States. It contains 30 floors plus basement, observation platform and a three-story penthouse containing the mechanical equipment—including two VP package boilers. The building is scheduled for occupancy in January, 1957. It is owned by Life and Casualty Insurance Company of Tennessee.



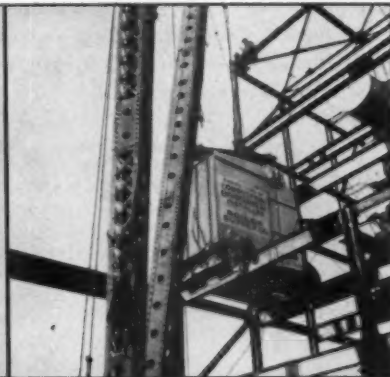
... anywhere the floor-loading's adequate, of course. In Nashville's nearly-finished Life and Casualty Tower, two Combustion Engineering Package Boilers, Type VP, were installed in a 32nd-floor penthouse — nearly 400 feet above the street. The pictures show how the job was done.



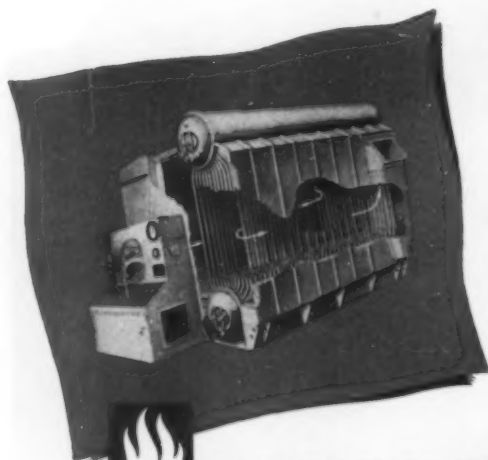
Take It Away—First of two VP Boilers—27,000 pounds—clears the truck bed in the first step of its 32-story journey. VP Boilers come fully assembled, ready for water, rail or road shipment anywhere in the world.



Almost Home—This VP has probably shattered the altitude record for boilers now—and it has another 30 or 40 feet yet to go. That's one of the advantages of the VP. You pick the spot and the rigging boys will find a way to move it in.



Boiler in a Penthouse—Now it's almost settled in its permanent skytop home; about set to bring up number 2. When the floor is ready, they'll hook up fuel, water and the job's done. They'll burn gas in these boilers, with oil as stand-by.



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The completely shop-assembled VP Boiler, shown at left, is available in fourteen sizes from 4,000 to 40,000 lb steam per hr ...for operating pressures up to 500 psi...for pressure firing of liquid or gaseous fuels. The VP Boiler has more water-cooled area per cubic foot of furnace volume than any other boiler of its size and type. The larger lower drum—30-inch diameter—permits a simple, symmetrical tube arrangement...greater water storage capacity...easy access for washing down or inspection. A low speed centrifugal fan which is exceptionally quiet in operation is standard equipment. The simple baffle arrangement results in low draft loss...simple soot blowing...no dead pockets ...high heat absorption. The VP is enclosed in a reinforced, gas-tight, welded steel casing, and shipped completely assembled with firing equipment, fittings and forced draft fan. For foundation, the VP Boiler requires only a simple concrete slab.

THE C-E BOILER LINE covers a complete range of capacities, pressures and temperatures up to the largest requirements—for power generation, heating and process.

the Knotts saw no reason to change.

Still, Knott has been growing. Last year, it opened the Westbury in London. It operates the motel at the Pittsburgh airport and will also manage the new 320-room unit at Idlewild in New York. Knott has a motor lodge at Williamsburg, Va., and plans more. In addition, each year brings more customers for a Knott specialty—running institutional dining rooms for universities and big corporations.

Pick Hotels Corp., Affiliated National Hotels, Western Hotels, Inc., and Alsonett Hotels have all been adding units in recent years. Others like Boss Hotels, Manger Hotels, and Dinkler Hotels, while still under 5,000 rooms each, have also been growing and upgrading.

• **Fast Comers**—Two of the fastest-moving entries in the big hotel race in recent years are Massaglia Hotels and the Hotel Corp. of America.

Joseph Massaglia, Jr., operating out of California, has bought 10 hotels in the last four years and now has 11 units stretching all the way from New York to Honolulu. A \$3-million, 200-room addition to his Miramar Hotel in Santa Monica is scheduled to open this fall. It will have a banquet room for 1,200 people and a heliport.

A. M. Sonnabend, a long-time hotel man, heads the Hotel Corp. of America. Earlier this year, Sonnabend took three of his Sonnabend-managed hotels into a merger with the Childs restaurants, which put his stock on the New York Stock Exchange. Hotel Corp. operates five hotels and also owns the New York Plaza, which is under a four-year lease to Hilton. It grosses an estimated \$30-million from hotels and another \$30-million from restaurants and food.

IV. Chains' Advantages

All of this postwar growth by the chains has brought many changes to the industry. For instance, hotel suppliers have watched their salesmen's territories dwindle as more hotels came under centralized control.

Suppliers complain that centralized buying by the chains has thinned their margins and forced them to accept take-it-or-leave-it deals from the bigger chains.

Hotel employees have also felt the impact of the chains. Efficient operations usually mean a closer watch on labor costs. Hotel managers, for instance, say that the chains have depreciated the role of the manager, and their salaries have reflected it. Even managers of independent hotels say they are afraid to improve operations enough to earn a raise from the owners, since they fear this betterment will attract the chains.

• **Hard to Compete**—But it is the single-unit hotel owner who has re-

ceived the roughest buffeting in the postwar years. The slide in occupancy has stopped in the last two years, stabilizing at around 75%, according to Harris, Kerr, Foster & Co., hotel accountants. Room rates have just about doubled since 1945. However, these are average performance figures for the industry as a whole.

Hotels in the smaller towns are continuing to feel the inroads of motor courts, while the big independent hotels in the larger cities are feeling the full brunt of the postwar growth of the chains.

Some independents feel that the anti-trust settlement with Hilton over the monopoly of convention facilities in New York, St. Louis, and Washington, D. C., did not get to the heart of the matter. They argue that the chains with units in most of the big cities naturally have the edge in getting convention business from the national organizations that rotate their meeting place. And they charge that the chains exert undue pressure by forcing convention managers to commit themselves two or three years in advance in order to get one spot they want.

Centralized buying and management by a pool of specialists help the chain to shave costs. Referrals from other cities and on-the-spot Teletype reservations and confirmations to other cities also help the chains to keep their occupancy rates up. Credit cards, Sheraton's nationwide closed TV circuit, national advertising and identification are some of the other devices the chains use to advantage.

V. Banding Together

Some of the independent hotel owners have attempted to answer the challenge of the chains with organizations of their own. One is Distinguished Hotels, a group of independents represented by Robert F. Warner, Inc., in New York and Glen W. Fawcett Associates on the West Coast. Distinguished Hotels pools an impressive total of more than 12,000 rooms in 13 cities, including important convention sites in some of the biggest cities. Keeping their individual identity and ownership, the members do many things in common, such as national advertising, room referrals, and drumming up convention business.

• **No Immunity**—The main drawback to cooperative groupings like Distinguished Hotels is the fact that owners are free to pull out at any time, weakening the national strength of the group. Two recent blows came when Western Hotels bought the Olympic in Seattle and Hilton picked up the Netherland Plaza and Terrace Plaza in Cincinnati.

Other individual owners have met the chains by turning over the operation of

their hotels to management outfits such as American Hotels Corp., to get some of the advantages of central buying and control.

Sponsorship of the Universal Credit Card by the American Hotel Assn. will give other advantages to the independents. This credit card will be good for rooms, meals, cashing checks, and certain other services in about 4,500 participating hotels across the country. There are about 70,000 cards outstanding now, with renewals running high—about 80%. The chains will probably continue to issue their own credit cards, but this will now be largely promotional.

VI. Looking Ahead

Still the chains will be pretty hard to catch. Look at the momentum Hilton and Sheraton have been generating lately. Last year, both were carrying about 14% of their operating income over into the profit column. After taxes, Hilton realized close to \$16-million on a \$189.5-million gross; Sheraton's take was \$12.5-million on a \$121.7-million gross. Hilton then set aside \$7.7-million for depreciation; Sheraton's set-aside was \$8.1-million.

In addition, Sheraton picked up another \$2.2-million from the sale of real estate and assets, while Hilton got \$1.5-million from the sale of assets. This carried Sheraton's consolidated net profits to almost \$7-million and Hilton's to more than \$9-million.

• **Well-Heeled**—All of this indicates that last year both Hilton and Sheraton generated internally more than \$15-million that could be used for growth. In addition, both have been heavy borrowers from the banks and the insurance companies for new purchases. Hilton has also had some well-heeled personal backers—first Floyd Odum and now Henry Crown (BW—Nov. 20 '54, p190).

Conrad Hilton says he sees no need for a public offering of new securities in the immediate future. However, Ernest Henderson of Sheraton is sponsoring a \$15-million offering of 25-year, 6½% cumulative-income debentures through his wholly owned Sheraton Securities Corp. Henderson claims that, by issuing income bonds rather than preferred stock, Sheraton can afford to pay the rather high 6½% interest because of tax savings.

According to Henderson, the cumulative feature of the issue makes it less vulnerable to a recession than the often defaulted conventional hotel bonds of the 1920s. And he explains the rather unorthodox self-underwriting as just another example of Sheraton's centralized management. But some Wall Streeters think that the novelty of an income bond in hotel financing has made the underwriters shy away. **END**



The motel has come a long way from the primitive "overnight cabin." Already a success on the open road, it offers . . .

For the

THE BATTLE lines between the downtown hotel and the rural motel have at last joined and intermingled. Motels like the one in the pictures have appeared in several cities. The pictures show a Flamingo Hotel, opened by the Merit Hotel System in Arcadia, in north central Los Angeles, and the same chain operates the Sahara, in the heart of Phoenix.

This could be the year for the great spurt in urban motel construction. The Flamingo in Los Angeles is Merit Hotel System's 13th unit in the Southwest, and ground is broken for No. 14—a 250-room unit halfway from the center of Phoenix to suburban Scottsdale.

Besides, the operators of downtown hotels are reacting to this kind of challenge by (1) giving motel-type service in new annexes of established hotels or (2) building hotel-service motels themselves on mid-city sites.

The result is what hotelmen like to call "motor hotels"—hotels designed for a motorized clientele (hotelmen despise the word "motel").

• **Industry Changing**—This well-established trend is a factor in both elements of the hotel-motel industry:

- Hotelmen think the emphasis on full hotel service—bellhops, room service, restaurant, laundry and valet service—dooms the simple motel.

- Motelmen think the car-at-the-door convenience of their setup, and the option of bypassing bellhops and other expensive hotel services, will take the motoring public almost entirely out of the downtown hotel—and to some extent out of the resort hotel.

Change in the industry's character gets a nudge from the move that's being forced on some chains of downtown hotels (page 83): With construction costs so high, they are looking farther afield for profitable business—resort type convention hotels, "highway hotels," catering service.

But the downtown motel offers a way to get around the high cost of building a conventional hotel on expensive mid-city land. A place like Merit's Sahara, covering a block of valuable real estate a block from Phoenix's main corner, is reported to yield as much profit as a 15-story hotel would yield on the same site. The highest section of the Sahara rises only four stories, and the standardized construction costs a fraction of

City—the Motel-Type Hotel



DAD'S THE BELLHOP as parking of car at the back door permits do-it-yourself unloading of luggage—a main virtue of motels.



KITCHEN AND BAR in some suites offer facilities for families or business entertaining.

SWIMMING POOL, left, walled off for children is refreshing to tourists after a hot, dusty ride.



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what a conventional 15-story hotel would cost.

• **Motor-Age Hotels**—Downtown hotels note the success of "close-in" motels, and they adopt plans like these:

In Oklahoma City, James Hotel Co. plans a 14-story concrete and glass annex to its Skirvin Hotel, with ground-level drive-in registration, exhibit and banquet halls, balconies for rooms. Cost, providing for 125 rooms, will be about \$1.2-million, according to Pres. Dan W. James. It's not just another hotel, says James (who owns the 400-room Skirvin Hotel and 200-apartment Skirvin Tower in Oklahoma City). It will offer the informality of a motel in a downtown location.

"More and more of the traveling public are disappointed, if not disgusted, with the manner in which most of the motels are run," says James. "We who have spent long years in the business of catering to travelers are definitely better suited."

Plans to build the new kind of hotel followed a questionnaire circulated among 5,000 former guests. Of the 38% who responded, a great majority said the chief lack in hotel accommodations is the casual, colorful atmosphere of the better motels.

In Salt Lake City, the Hotel Utah broke ground last April for its Motor Lodge, facing Temple Square only a block from the main hotel. It will have 175 units, a fancy swimming pool, and an auditorium to seat 1,000 at conventions. Most of the structure rises only two stories; cost is figured at \$1.5-million. The lodge will have a coffee shop, but most of the dining, dancing, laundry, and other services will be at the hotel.

• **Flamboyant Flamingoes**—Like most other motel operators, the Merit Hotel System frowns on structures higher than two or three stories. Higher than that, construction costs rise sharply and you must install elevators (the Sahara in Phoenix has a couple of self-service elevators in its four-story section).

Then, too, motel people say, the accessibility of the automobile is the greatest advantage of a motel over a hotel. Outside the door, or down a flight of stairs, it serves as a portable storage closet; buried in a hotel garage, it takes time and tips to become accessible to the guest.

The Flamingo motels, as most of the chain are named, also feature the luxuries of resort hotels: swimming pools, children's playgrounds, putting greens, shuffleboard and other games for the adults. The dining terrace always overlooks the swimming pool and is a popular place for a drink.

For the businessman, there are conference rooms and suites with bars and kitchens. For the family, there are children's menus, rosters of baby-sitters,



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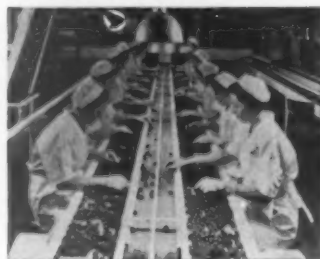
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rooms specially fitted out for children, with furniture scaled down in size. Rooms have phones and, usually, television sets.

• **Making Them Pay**—Merit's hotel-motels range from 75 to 200 rooms, with 200 considered the optimum size. Whenever possible, the chain buys an entire city block, using three sides for motel units, with parking space on the outside and swimming pool and other recreation facilities on the inside of the "U." Sometimes, as in the Sahara in Phoenix, shops and motel units close the fourth side.

Even where the site is expensive, the operators say they can make money on a two- or three-story unit in the city because:

- Construction costs are low, through standardization and prefabrication. All Merit motor hotels have basically the same design, worked out by Managing Director Michael Robinson.

- Maintenance costs are proportionately low.

- A 200-room Flamingo motel can be staffed by about one-third as many employees as the conventional 15-story hotel. The new Arcadia Flamingo has a staff of 50.

These savings leave room for more lavish landscaping—this cost at Arcadia alone came to \$30,000—and for profits out of which more units can be built. Merit Hotel System has been able to expand chiefly on retained earnings and depreciation write-offs.

The chain completed five Flamingoes in the past year. Last year, with 10 units operating, it grossed \$7.5-million. The occupancy rate swung between 85% and 90%—about the same as first-class big-city hotels and far above the average for the general run of motels.

• **Backing**—The Merit System is owned by a syndicate that was organized by Robinson. The owners include Del E. Webb, contractor and part-owner of the New York Yankees; Mortimer Levin and Ezra Resman, attorneys; L. C. Jacobson, Webb's partner and general manager; Marion Isbell, president of the National Restaurant Owners Assn.; George Gobel, TV and movie actor; Max Sherman, and Robinson himself.

Now that the Merit chain is running well, Robinson is concentrating on a bigger project with the same cast of investors. It will be a nationwide expansion of the idea under another name, aiming at something like 50 motor hotels.

Robinson says the innovations and traveler services that are featured in the Merit Hotel System are "just the beginning."

"In the new chain," he says, "we'll have some real eye-openers." **END**



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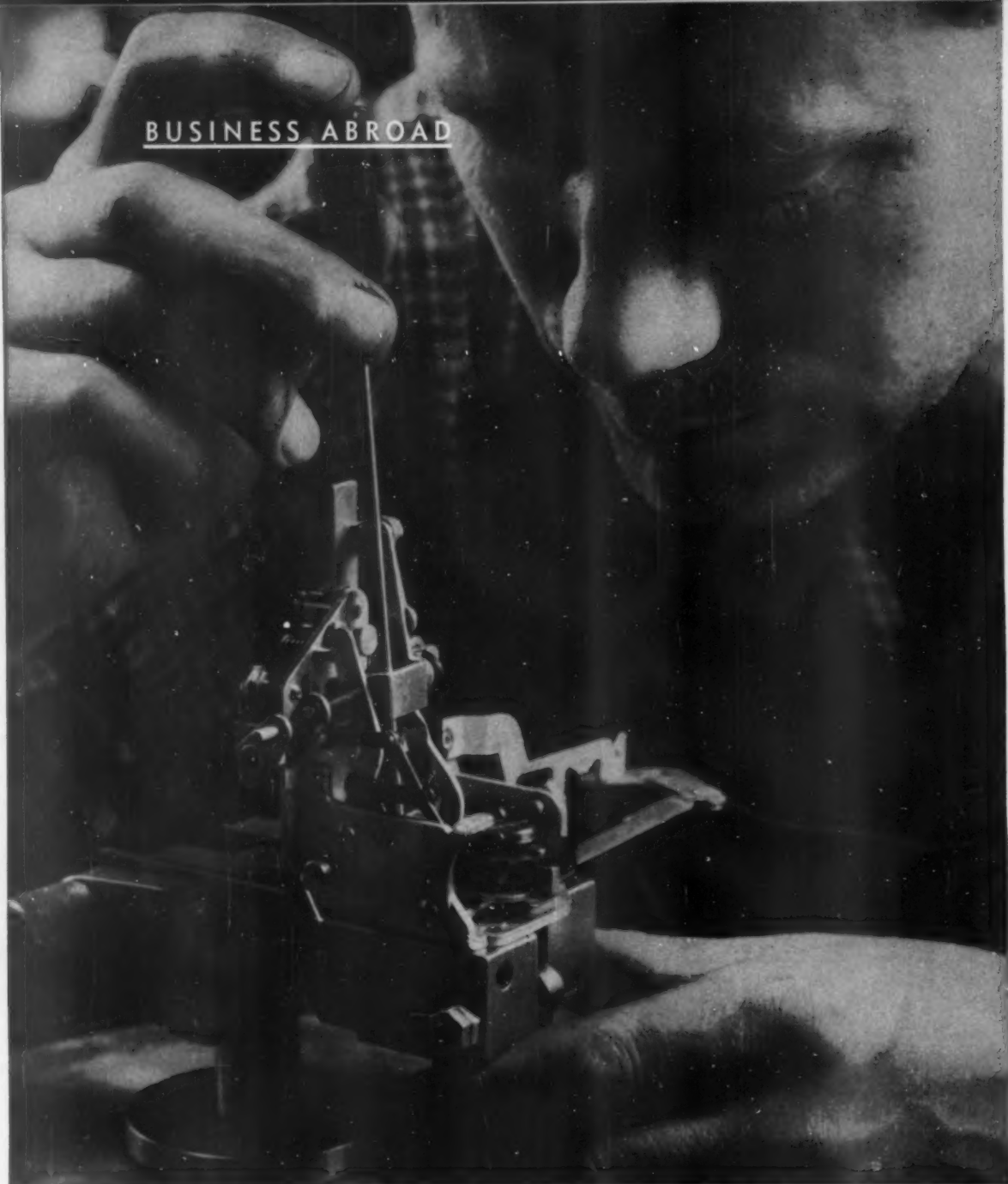
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Precision, Productivity Bridge a

While U.S. tabloid readers have been marveling over the shape of Anita Ekberg, Sweden's latest export to Hollywood, the Swedes themselves have been looking delightedly at a different set of export figures. They're cheering over the 25% increase over last year in sales to the U.S. In May, Sweden's exports to the U.S. jumped 63% above April.

And there is every reason to believe this is a long-range trend.

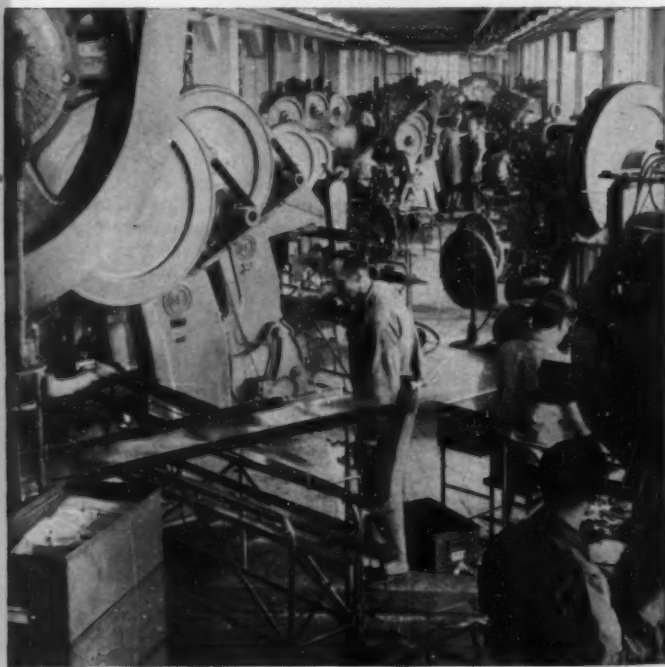
Behind Sweden's success story—which is also paying off in greater U.S. sales in Sweden—are these three elements: Sweden's aggressive industrial management, its skilled labor with high productivity, and its technically advanced products.

This is the combination that makes the 500-year-old Atvidaberg Industries (pictures), a leading Swedish dollar earner, and is giving a boom to its U.S. subsidiary, Facit, Inc.

Atvidaberg is a major world producer of office machines. It claims it's setting the technological pace for the worldwide industry in the production



BATTLING for share of U. S. market for calculators is Eric Ohlsson, president of Facit, Inc., U. S. subsidiary of Atvidaberg.



PRODUCING ARM of Facit, Inc.'s parent is this Swedish plant.

Dollar Gap

of its unique 10-key Facit calculator. Like most large-scale Swedish industries, Atvidaberg's success is based on an increasing export business—Sweden's market of just over 7-million doesn't leave much room for domestic growth.

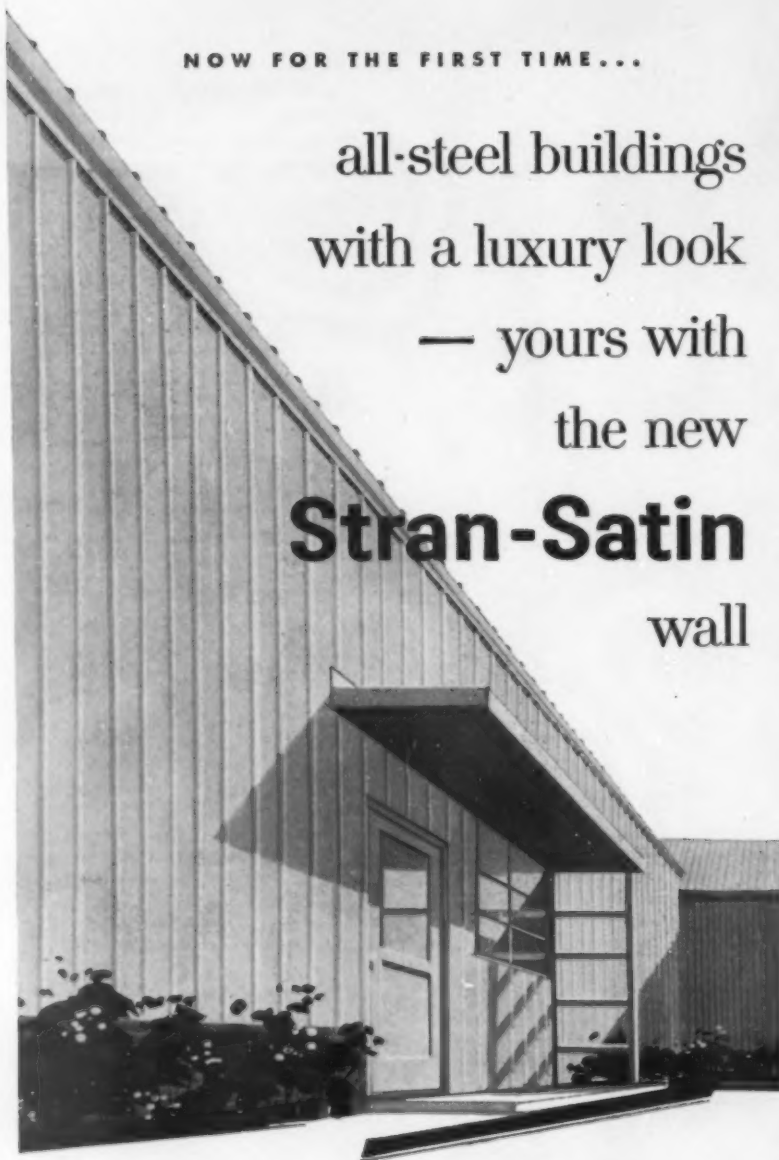
The company's 1955 exports of Facit calculators were "considerably" more than 22,572—the number exported by

ANCIENT COMPANY: Atvidaberg edged into industry 500 years ago; today it has these modern Stockholm headquarters.



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the five U.S. calculator-making companies. In addition, the company produces Ohner calculators, Ohner adding machines, and Halda typewriters. These products racked up a 32% increase in sales in 1955 over 1954 for the U.S. subsidiary. U. S. Commerce Dept. figures show American imports of Swedish calculators—most of them Atvidaberg's—were worth \$247,000 last year, \$187,000 in 1954.

• **Good For Sweden**—These figures may look small to U.S. businessmen, but they look good in Sweden. "There is a tremendous market in the States," says Eric A. Ohlsson, Facit's president in New York. "The cake is very big—and it is growing. There will always be a place for the small guy, especially if he has quality and service."

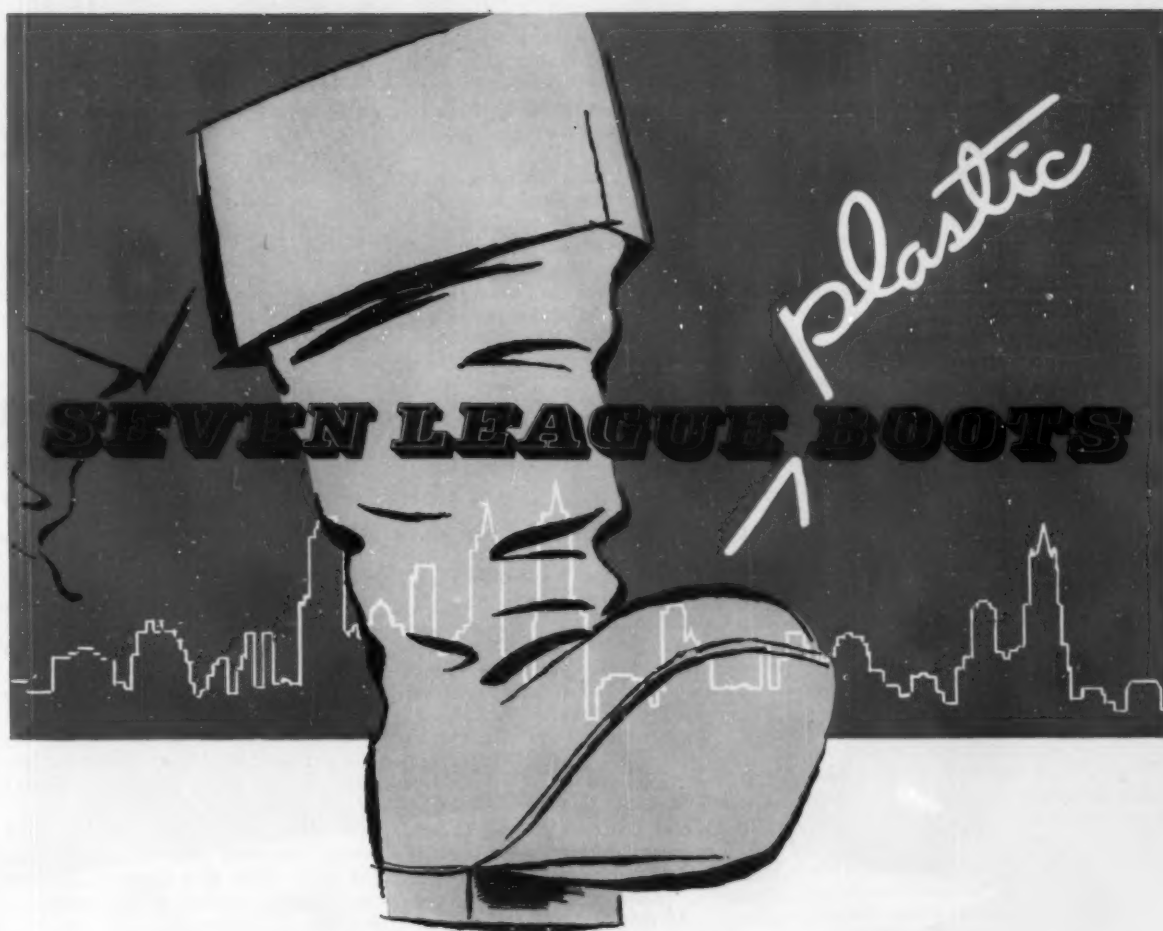
Ohlsson points out that the U.S. industry figured calculator sales would double between 1940 and 1950. Instead, they tripled. Now the prediction is that they will double by 1960—and Ohlsson forecasts they will go even higher.

• **Others at Work**—This Swedish estimate of what's ahead in the U.S. is reflected in other products, too, where Swedish firms are expanding into this country: L. M. Kassaregister, of Stockholm, has opened Sweda Cash Register Co., in Chicago (BW—Nov. 19'55, p152); Addo Corp. of Malmö, is selling adding machines through Adda Machines Corp. in New York; Volvo Corp., of Gothenburg, will try to market cars through Volvo Imports, Inc., in Detroit; a Swedish sponge-iron company has opened Hoeganaes Sponge Iron Corp., at Roverton, N. J.; and Steele, Williamsport, W. Va., is making Swedish stainless steel products. Added to these postwar arrivals are the Swedish outfits established in the U.S. before World War II, such as Electrolux Corp. and SKF Industries Inc.

Entry into the U.S. market is a real challenge for the Swedish businessman. Ohlsson put it this way: "The American market is fascinating—but it's murderous. The competition makes you fight hard for every sale, but, after all, there's not much sport in making a sale if you don't have to fight for it."

• **Boss**—Behind this sporting spirit is typical Swedish practicality. Like most Swedes doing business in this country, Ohlsson knows his market. He came here first in 1926 on an American-Scandinavian Foundation fellowship, studied at Northwestern University's School of Business, worked part-time in a Chicago bank. He spent five pre-war years in Latin America with L. M. Ericsson Telephone Co. and joined Atvidaberg in 1944 as sales supervisor in Latin America.

Ohlsson came to New York in 1951 to take over Facit, Inc. Facit concentrates on sales direct to dealers with a



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few sub-distributors in between. It has a New York headquarters, a branch office in San Francisco. Its 400 dealers all over the country are serviced by full-time inspectors stationed at Philadelphia, Chicago, Atlanta, Houston, New York, and San Francisco.

Atvidaberg's Stockholm headquarters admits this organization wasn't set up without headaches—and losses. Export manager Leonard Jacoby reflects glumly, "We did think it would be easier, and it cost considerably more than we expected—but now it's paying off."

• **Not So Simple**—Atvidaberg's star product, the Facit calculator, was itself something of a gamble on the U.S. market. All American non-listing calculators have full keyboards—an operator must punch a different column on the keyboard for each multiple of 10 that he wants to record. The Facit has only 10 keys, and this, its maker says, means that a touch system of operation—with consequent time-saving—is possible. But there's one hitch—a Facit calculator operator must have a fair knowledge of mathematical principles. (This requirement, says Ohlsson, seems a problem only in the U.S.)

He believes the ultimate success of the Facit calculator will depend on trends in U.S. education. If mathematics gets heavier emphasis in U.S. schools, every store clerk would be able to operate a calculator, he says.

• **Productivity's Push**—But even without this, Ohlsson believes increasing sales here are assured for Facit. Atvidaberg doesn't even complain about the 12½% ad valorem tariff on office machines—in spite of the fact that Sweden's tariff is only 10%. The key to this reasonableness is clear: Though Sweden's wage level is the highest in Europe (it's third highest in the world, after the U.S. and Canada) it is still low compared with the U.S.

Alongside this, the average productivity of the Swedish worker is among the highest in the world. The reasons are complex, buried in the history of Atvidaberg and Swedish industry. Most of Sweden's industry is located in small towns with populations under 12,000. The communities live and breathe the local industry. Jobs and skills are passed from father to son.

• **Ancient Heritage**—Atvidaberg, first a farming estate, began getting into industry in 1419 when it started mining copper in the area about 125 miles south of Stockholm. Later, drawing on its extensive oak forests, it switched to furniture. At the World Exhibition in Paris in 1897, Atvidaberg's executives were impressed with American office furniture—especially the roll-top desk. And as Sweden moved toward industrialization, Atvidaberg supplied the office furniture.

In 1921, Atvidaberg took over a small company that made calculators. In 1923 it got into export business. By 1932, it had entered the world market with its 10-key calculator—since followed by other European manufacturers.

• **Traditional**—Today, Atvidaberg remains typical of the Swedish industrial tradition. It is family-owned and controlled. Its operations include both industry and agriculture. Either through private cooperatives or through the services of the Socialist-dominated government, the workers have many bene-

fits—inplant medical care, pensions, community service and recreation, apartments, loans for home building.

From these factors comes the stable working force that gives Swedish precision industries like Atvidaberg a competitive advantage. This largely explains why Sweden has graduated from an exporter of raw materials to a producer of high labor input products.

This growth has raised one problem: the need for markets. They must be sought outside Sweden. And that's why the aim of Swedish industry generally is increasing sales in the U.S.

Profits Flow From a Stake in Sweden

A U.S. glassmaking machinery producer sought solutions to export problems when it bought Swedish counterpart four years ago; now the cash is rolling in.

A few weeks ago, Sundsvalls Verkstader, a Swedish manufacturer of hydraulic equipment and glassmaking machinery, celebrated its 200th anniversary. It could have been just another celebration of the successful career of a small Swedish industry like so many in that country (above). But there was one important difference: Sundsvalls is 100% American-owned.

It was bought in 1952 by Emhart Mfg. Co., of Hartford, Conn., to supply European customers—particularly those in soft currency countries—with Emhart's product, glassmaking machinery. At the same time, Sundsvalls solves another problem for Emhart: Emhart's products, sold all over the world, will have interchangeable parts now that the Swedish plant has been retooled.

• **Quick Gains**—Some simple statistics show how the deal has worked out for Emhart and Sundsvalls. Emhart paid \$500,000 when it bought the Swedish company. Today Sundsvalls is worth a good deal more—after a four-year \$700,000 expansion program. All this expansion has been paid for out of Sundsvalls' earnings, not a cent from the parent company in the U.S. Business has boomed—from a turnover of \$750,000 in 1952 to more than \$3-million estimated for this year.

Emhart's Pres. Sixten F. Wollmar, himself a Swedish-born American, says there is one simple answer for the success of the relationship between the two companies. The two companies have worked on the principle that Hartford would show the Swedish plant how to make Emhart's product, then leave them alone to do it. Absentee management is the curse of American foreign business, Wollmar believes.

Wollmar's own experience in foreign business dictated his U.S. company's handling of the whole scheme. He

was born and reared in Sweden, came to the U.S. in the mid-1920s to take a degree at Columbia University. He stayed on in the U.S., and after seven years as the vice-president of SKF Industries, Inc., in Philadelphia, went to Emhart as president in 1947.

• **Hard Selling**—Wollmar had to do some hard selling to both his own company and the Swedish government to get permission to buy the Sundsvalls plant. Sweden has been wary of foreign investors since it discovered in the early 1930s that German interests were getting control of its munitions industry.

But Sweden hasn't been able to complain of Emhart's deal. More than 45 Swedish outfits have been doing business on subcontracts from Sundsvalls since Emhart took it over. In the four years since the purchase, the plant has exported \$2.4-million worth of manufactured goods, will probably ship \$2-million worth overseas this year alone. That helps Sweden's foreign exchange shortage.

• **Restricted Take**—This business is making a nice profit for Emhart. The Hartford company is allowed by the Swedish government to repatriate engineering fees. And Sweden also permits Sundsvalls to pay dollars for parts it buys from Hartford. But the total amount that Emhart takes from Sundsvalls cannot exceed 50% of U.S. purchases from Sundsvalls—now running at no more than \$300,000 a year, according to Wollmar. Emhart is supplying about half of its 150 European customers from Sundsvalls.

Altogether Emhart now has glassmaking equipment in 350 plants around the world. Its exports, only \$1-million in 1949, climbed to \$3½-million last year—and to that was added the \$2-million worth shipped from Sundsvalls. **END**

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Argentina Hopes for a Bail-Out

Close on the heels of Brazil, Argentina is pushing hard for a sizable loan from the Export-Import Bank. This is Argentina's first major effort here to get new capital to repair its rundown economy since Peron fell from power last September.

The man handling loan negotiations is Dr. Carlos A. Coll Benegas (picture), president of the Banco de la Nacion and ambassador extraordinary and plenipotentiary.

For the past three weeks—at lunches, in private huddles—his financial mission has met with Washington offi-

cialdom, top U. S. manufacturers, and New York bankers. The mission's aim is to round up some \$500-million in new credits to help pay for badly needed capital equipment.

• **Half Successful**—So far, Coll Benegas' soft-spoken but patient effort to sell post-Peron Argentina to the U. S. seems to have paid off. It looks now as if he will get a verbal commitment for as much as \$200-million before leaving this country in a week or two.

True, that's not much compared with Brazil, whose friendship with Washington won another \$151.4-million in

Ex-Im loans on top of big earlier loans. Washington is still cautious toward Argentina, which only a year ago, under Peron, made life difficult for U. S. subsidiaries and investors there.

• **Not Much but Hope**—Argentina is still in the earliest stages of putting its economic house in order. There is little factual assurance—mostly hope, based on Argentina's strong economic position before Peron—that the country will soon be able to make a go of its attempts at full recovery.

But Washington sees a loan to Coll Benegas' mission as a way to bolster Pres. Aramburu's regime, which is weak but at least not Peronist. It feels that if the Aramburu government gets on a sound footing politically, it will have the confidence to go ahead with concrete measures to encourage foreign—including U. S.—investors.

So far, the provisional government has shown goodwill toward U. S. interests and good intentions toward fixing up the inequities of Peron's time. But after more than a decade of Peron's policies, it has a long way to go in weeding out the troubles it has inherited. For instance, Argentinians close to the government say that, though the men on top are trying to get the country to tighten its belt to curb inflation and are friendly toward U. S. investors, the men at lower levels in the government waver between the old Peron line and the newer policies.

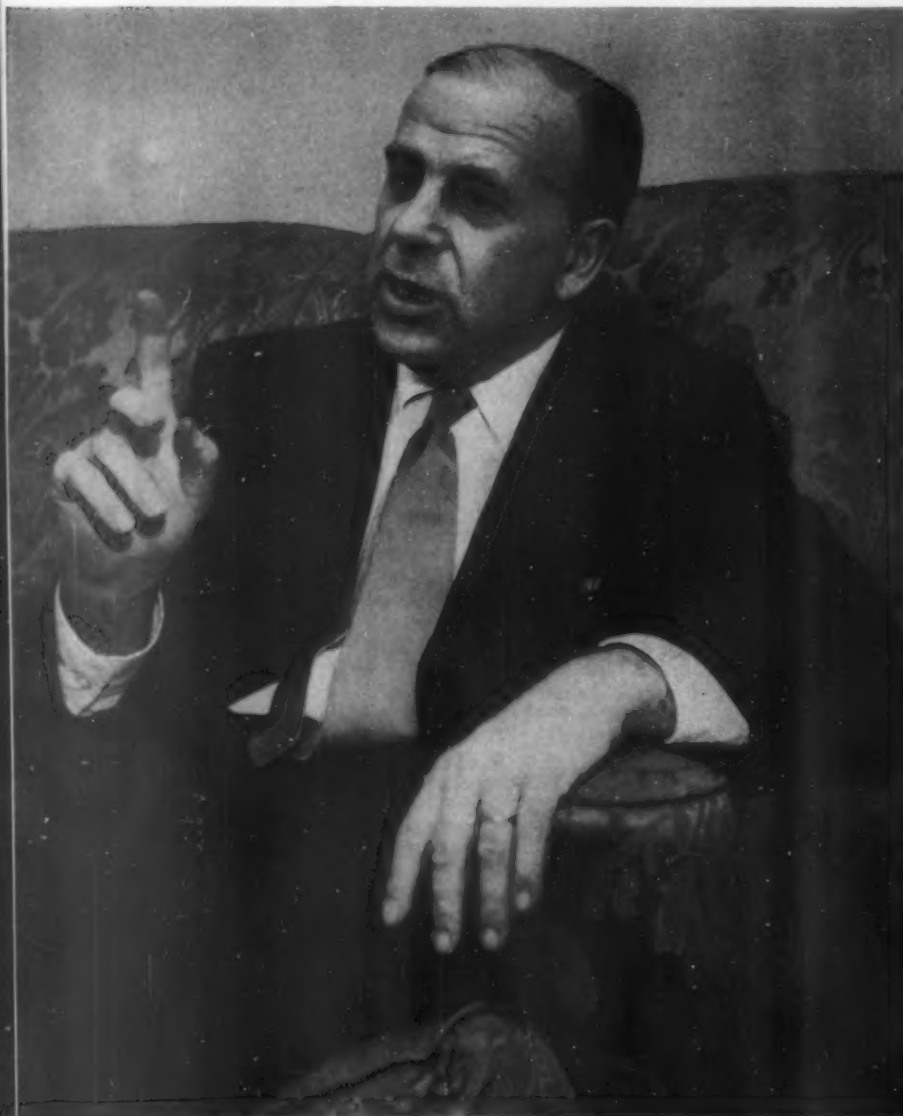
• **Getting a Real Chance**—Nevertheless, most people here—banker or businessman—feel as one man puts it: "This is the time to give Argentina a real chance to get back in shape."

London and Paris talk the same way. An Argentine financial mission recently negotiated a trade payments agreement with nine West European countries. In this so-called Paris Club, Argentina will repay its \$520-million worth of European debts over the next 10 years at an average 3½% interest rate. It will be able to buy in the cheapest markets, sell in the best, and transfer its earnings between countries to pay its bills.

As another bright sign, London's Baring Bros. & Co. has organized a consortium of banks to extend large-scale credits to Argentina. Dr. Eugenio Blanco, Argentina's finance minister, says that his country would like to use this setup initially for buying some \$85-million worth of goods.

• **Economic Minuses**—Argentina has already made some headway in solving its economic problems. By devaluing the peso, it has helped boost the country's traditional exports—farm products and meat. Import restrictions have helped to cut the drain on foreign ex-

CARLOS COLL BENEGAS, leading Argentinian banker and economist, is proving himself as a negotiator. He may go home with a commitment for a \$200-million loan.





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change for purchases abroad. By junking Peron's policy of industrializing the country at the expense of agricultural output, the government has encouraged workers to return to farms.

All in all, though, Argentina is a country whose economy has more minuses than pluses. Its exports are running some 9% behind 1955—which, with exports of only \$900-million, was itself a poor year. If good crops come through this year, exports may rise noticeably—and foreign exchange improve. But for the moment, to pay its bills, the government has had to dip into its gold reserves—now an estimated \$300-million—to the tune of \$60-million.

• **Tortured Statistics**—One well-known Buenos Aires journal talks of the government's "torture by statistics." It's true that there are numerous statistics, good and bad, that U.S. investors have to go by in judging the Argentine economy. But even in the best possible light, the economy looks none too good.

Coll Benegas has told bankers here that Argentina has balanced its budget, braked its inflation. But the "balance" has been achieved by deficit financing, and the cost of living has gone up by 18% since last September. The powerful labor syndicates, still thinking in terms of their plush days under Peron, are pushing for huge wage increases—and threatening to strike.

With few exceptions, U.S. companies are still trying to get out some \$150-million in back profits. Several large companies are smarting from the fact that virtually at gun point they agreed, in Peron's time, to import capital equipment to expand, now have to buy that equipment at the new—and higher—peso rate (18 per dollar instead of 7.5).

• **Basic Flaws**—The main trouble facing the provisional government is basic industry—oil, power, railroads.

One Argentinian says: "Nationalized oil is a way of thinking with us." The state oil monopoly last year produced 44% of the country's oil needs, paid \$200-million for imports. The country could fill all its oil needs domestically, oil experts say.

But U.S. oil companies won't put money in without private concessions. Ex-Im won't lend money for oil development when, with a change in Argentine policy, private companies could do the job. So Coll Benegas is up against a wall in searching here for the \$300-million Argentina needs for oil production and pipeline equipment.

In the matter of electric utilities, the government has seesawed between expropriation and private ownership. Peron's overthrow opened the door for American & Foreign Power Co.—the third largest utility in the country (BW—Jun. 2 '56, p129)—to try to recoup its losses from expropriations. Up to now, negotiations between the government

and Foreign Power have resulted in little but talk. Meanwhile, Washington won't finance loans for electric equipment until the provisional government settles with Foreign Power.

The railroad situation is somewhat better. Coll Benegas says some 30% of Argentina's rolling stock is idle for lack of locomotives. Five-million carloads of crops and merchandise lie rotting on sidings. One bright spot is the government's recent order of 120 locomotives—close to half from the U.S., with 25 to come from General Electric. But the country needs an estimated 1,000 engines. The best guess is that any loan Washington grants to Argentina will go primarily toward railroad equipment purchases—along with port equipment.

• **Playing Both Ways**—Two minor difficulties have cramped Coll Benegas' mission. The first is that fact that Argentina is about to become a member of the World Bank and International Monetary Fund. Already, the mission is reported to have talked with World Bank officials about a possible loan, while it is also trying hard for an Ex-Im loan. So, to some extent, Ex-Im and World Bank are bucking the mission back and forth—each hoping the other will grant a big loan. In the end, probably each bank will put up some money.

Another difficulty is that the mission arrived here without a well-screened list of specific projects for Washington to consider financing. But this probably stems from the fact that promises of better treatment for U.S. investors in Argentina will have to be talked over informally before any discussion of concrete projects gets under way.

• **Able Economist**—No one who has talked with Coll Benegas doubts his skill as a negotiator or his ability as an economist. A graduate of Cambridge University, he has worked closely with Raul Prebisch (BW—May 26 '56, p153).

Up to 1946, Prebisch was general manager of the Central Bank; Coll Benegas, its chief economist. Now, with Peron out and Prebisch away on United Nations business, 49-year-old Coll Benegas is a key government adviser.

He favors cutting costs, increasing Argentina's lagging productivity. He opposes such controls as price ceilings to stem inflation. But he advocates strong measures to keep the economy moving toward solvency. At the moment, with money owed all over the map, Argentina—he says—will follow the policy summed up by an earlier president: "We will save on hunger, but pay our debts."

Bankers here say it will take a lot more than that. They figure that the provisional government will have to face the choice between becoming unpopular through firm economic measures or drifting into even worse inflation. **END**

In Business Abroad

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Return of the Native: Firestone

Will Grow Rubber in Brazil

Rubber is returning more and more to the place where it originally came from—Brazil. Already, Goodyear Tire & Rubber Co. and Italian-owned Pirelli each have 10,000-acre rubber plantations there.

Now Firestone Tire & Rubber Co., with a rubber-growing plantation in Liberia (BW-Jul.28'56,p92) and two more planned for Guatemala and the Philippines, is establishing a fourth in Brazil, near the port city of Ituberá. The plantation will supply rubber to Firestone's tire plant in São Paulo—1,400 mi. to the south—and to other rubber-using plants in South America.

Firestone first surveyed its 12,500 acres of land near Ituberá in 1954, shortly thereafter tested rubber trees transplanted from Liberia. Now the company plans to plant over 3,000 acres of trees. It also will build a rubber-processing factory nearby for preparing liquid latex for shipment and processing it into sheet rubber.

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Italian Tax Dodgers Score Again

As Funds Skip Lightly Over Alps

Tax dodging is a way of life in Italy—as well as France.

For years, Italian law required all stocks to be registered in the name of the owners. But stockholders circumvented this by turning shares over to brokers, who would buy and sell for clients, settle accounts through monthly statements to the stockholders.

In July, the government decided to end this hide-and-seek game. It tightened tax regulations—and specifically required brokers to list buyers' names and prices with the government.

But the creative Italians have found another route out—right across the border into Switzerland. In this dodge, you first look up an investment trust—just formed—called Società Italiana Investiment whose portfolio includes some 70 Italian stocks. Next, you discover that Società Italiana sells its shares through a consortium of Swiss banks—with stock title made out “to bearer.” Thirdly, you discreetly buy Swiss francs on the black market and, finally, shares of Società Italiana.

Investing in Società Italiana—unless you're a foreigner—is illegal. Nonetheless, at last report, some \$50-million worth of “passportless liras” were sitting in Switzerland earning money for Italians—and dodging taxes.

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Chicago Mutual Fund Opens Drive

To Sell Shares to West Germans

Three months ago Bonn lifted the restrictions that had kept West German investors from buying foreign securities.

But since then, German investors have responded only in a half-hearted way—partly for lack of information on how to go about buying shares abroad. They have bought—chiefly in the U.S. and Switzerland—only about \$250-million worth of stocks.

Now Television Electronics Fund, Inc., a mutual fund in Chicago, has opened the door a little farther. Beginning this month, it will put on a drive to sell its shares to West German investors through West German banks. The \$130-million fund, with a portfolio that's 97% in common stock, says it's the first U.S. mutual fund to try this. It already claims success in distributing shares in five other West European countries.

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Controversial Sale of Trinidad Oil Co.

To Texas Co. Is Just About Clinched

That \$179-million sale of the Trinidad Oil Co. to the Texas Co. which stirred up such a fuss in the British Parliament (BW-Jun.16'56,p26) has about been settled. London says the government of Trinidad and the Texas Co. have reached an agreement for the sale.

In return for gaining control of the company, Texas promises to live up to a set of conditions. It will: (1) continue to operate the local Trinidad Oil Co. refinery at not less than its present annual rate of production; (2) maintain the company's present marketing setup on the island; (3) continue the company's labor policy—including a stipulation that racial segregation will not be imposed; (4) insure membership of at least one Trinidadian on the board of directors; and (5) speed up the search for oil on the island.

Clinching of the sale is now up to stockholders of the Trinidad Oil Co. in London. They are expected to go along.

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Business Abroad Briefs

Uranium Deals: The world's largest single uranium mining contract has been awarded Northspan Uranium Mines in northern Ontario. The company, a subsidiary of Rio Tinto Mining Co. of Canada, will seek \$70-million of new financing—the largest ever sought for a Canadian mining venture. . . . Cataract Mining Corp. of New York has acquired 280,000 acres of uranium mining concession in Australia's Northern Territory, adjoining the Rum Jungle fields, which are already producing.

West German radio-phonographs will be marketed in the U.S. by Olympic Radio & Television, Inc., according to a new agreement signed with Loewe Opta AG of West Berlin.

Glidden Co. which already has two wholly owned subsidiary paint plants in Canada, has announced a joint venture in paint manufacturing with W. R. Grace & Co. in Colombia. Glidden, Intl., a Venezuelan subsidiary, was recently formed.

GM's Australian subsidiary, GM-Holden, is planning to boost its export activities. The first step will be a 64% increase in exports to neighboring New Zealand.



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Sailor looking into radar viewing scope located in pilothouse.

Photos courtesy U. S. Coast Guard.

A thousand products



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In Management

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General Tire Makes Two Bids

To Get Into Plastics Pipe Field

There's a hot growth market in plastic pipe, says General Tire & Rubber Co., and to get a firm foothold in the field it is making offers to two companies: A. M. Byers Co., a Pittsburgh wrought iron pipe and electrical steel producer, and Carlon Products Corp., Cleveland, a maker of plastics pipe.

General already makes some plastics resins in its Ashtabula (Ohio) plant; a tie-in with Carlon and Byers would promise it integrated manufacturing and sales. Carlon, a privately held outfit that pioneered in plastics pipe and fittings, has 250 employees and seven plants, four in Ohio, and others in Texas, North Carolina, and Oregon. Byers has a well staffed sales organization.

General has had an eye on Byers as a potential acquisition for some time, and earlier in the year helped a friendly Byers' management group fight off stockholder insurgents who wanted to take over the company (BW—Jan.21'56,p110). General Tire notes in its letter to Byers shareholders proposing a stock-exchange acquisition, that shareholders who led the insurgent group are behind the move, too. The offer: one share of General's \$5 preferred for three shares of Byers common.

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Justice Dept. Moves to Contain

Expansion of Continental Can

The Justice Dept. last week threw a block into Continental Can Co.'s expansion plans, evoking a 1950 consent decree enjoining Continental from acquiring its competitors in the making of containers. The decree was cited in a suit to delay Continental's proposed merger with Hazel-Atlas Glass Co. until the courts can decide whether the two are competitors under the terms of the decree.

Essentially, Justice argues that although the principal products of the two companies are not the same—metal containers for Continental, glass containers for Hazel-Atlas—they can be used by the same users for the same purposes. Hence, says Justice, the merger would eliminate competition. For support of this position, Justice may be able to rely on the Supreme Court decision in the du Pont cellophane case (BW—Jun.16'56,p34). This ruling held that du Pont's predominance in the cellophane field was not a monopoly, because competition was provided by several different types of materials.

Before the sudden move by Justice—"It took us completely by surprise," says a Continental spokesman—Continental was well on its way to becoming the complete container company. Pressing Chmn. Lucius D. Clay's drive to take the No. 1 spot from rival American Can Co., Continental had gone on a spree of acquisition that

most recently included Hazel-Atlas (1955 sales: \$80-million) and Robert Gair Co. Inc. (1955 sales: \$160-million).

Even if the Hazel-Atlas deal is blocked, the Robert Gair acquisition will make Continental the biggest in the business.

Antitrusters say the Gair deal does not come under the 1950 consent decree, but that they are going to give it a long hard look anyway.

Owens-Illinois Branches Out

Another container company on the expansion trail is Owens-Illinois Glass Co., of Toledo, a large (1955 sales: \$370-million) maker of glass bottles, containers, and special products, along with plastic and corrugated containers. This week, Owens-Illinois directors met to set the final seal on their merger, via an exchange of stock, with National Container Corp., which does a \$100-million annual business in Kraft paper, shipping containers, and multiwall bags.

The merged company will keep the name of Owens-Illinois Glass Co., with National as a wholly owned subsidiary. National has been growing fast, with its capacity already booked for two years ahead; the added capital could allow it to expand even faster in the swift-spreading packaging field.

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Hat Corp. Moves Toward Top

As Merger Trend Continues

Mergers and acquisitions, still very much the order of the day, are making way for all manner of ambitions. One of the latest: Hat Corp. of America, Norwalk, Conn., ('55 sales: \$13.5-million) hopes to become "close to, if not the largest hat firm in the world," by acquiring Champ Hats, Inc., for about \$2-million.

Other deals: American Automobile Insurance Co., St. Louis, and American Insurance Co., Newark, N. J., whose combined assets come to some \$310-million, are talking merger. Cutter Laboratories, Berkeley, Calif., is still diversifying and has picked up Corn King Co., Inc., a Cedar Rapids producer of medicines and nutritional products for livestock and poultry. Minnesota Mining & Mfg. Co. has purchased control of Zenith Plastics Co., a Los Angeles producer of plastics and aircraft components, for \$4-million in cash and stock. Zenith, operating as a wholly owned subsidiary, will add plastics radar housings, wing stabilizer tips, plastics window frames, and antenna housings to the multitudinous MM&M line.

Smith-Corona Deal Completed

Meantime, Smith-Corona, Inc., finally acquired Kleinschmidt Laboratories, Inc. A group led by M. Riklis, a Smith-Corona director, had filed suit in New York State Supreme Court to prevent the roughly \$3-million deal via a stock exchange (BW—Jun.9'56,p38). The New York Stock Exchange approved listing of 70,000 newly issued Smith-Corona shares when the Appellate Division rejected Riklis' bid for a temporary stay pending appeal.

A Sharper Eye on Bonuses

● Incentive compensation for executives is getting more emphasis on "incentive," less on adding to a man's salary just to keep him from looking to other pastures.

● But not every company can use a personalized bonus plan. An executive can't be held responsible for a function unless he has power to run it his way.

● Team management must, therefore, still depend on group incentive.

Executive bonus plans have been getting renewed attention lately, both in and out of corporate board rooms. Managements of many companies are taking another look at their bonus plans to see if they can't get more mileage out of them.

The spread of various types of bonus plans throughout industry has created a growing body of experience and knowledge on the plans and their use. More and more companies with an eye to raising profits are drawing on this background to switch the emphasis on incentive compensation—back from "compensation" to "incentive."

• **Fattening the Paycheck**—During the wartime and postwar booms, when taxes were high and prices were rising, companies had a hard time compensating precious top management men generously enough to hold onto them. As a result, bonus plans spread widely, mainly as a means of extra compensation. Stock options—a form of bet that stock prices would climb—became popular, too. Now stock options have lost some of their charm. Both as an incentive and as a means of keeping men in the company, some of them have backfired. But bonus plans in general are still popular.

Today half the companies listed on the New York Stock Exchange have bonus plans of one type or another. Their number has doubled over the past decade. This growth and acceptance exerts increasing pressure on companies that do not yet have them, and there is every indication that the spread of such plans will accelerate even more.

The only difference now is the main objective. Sales competition has supplanted management pay-sweetening as the first consideration. The accent now is on the profits the management man can produce.

• **Spurring the Jockeys**—The importance of bonuses as a recruiting lure in man-hungry industries has been highly publicized. Some companies have gone into bonus systems for that particular

reason. Basically, though, their greatest single virtue is still the personal incentive they can create in managers to boost company profits—and, thus, their own earnings.

But many plans, by admission of their managers, haven't done a full incentive job. All too often, say experts, in spite of top management intentions and proclamations to the contrary, an executive knows from experience that whether he puts out a merely adequate effort or really exerts himself in the course of a given year, his bonus will come out to a predictable amount. It's usually because top management is either unwilling or unable to appraise the executive's performance accurately.

True, such systems do provide an over-all incentive for all executives to increase company profits. But they don't tap all the potential available in individuals, and they rapidly diminish in effect as they descend into lower levels of management.

• **Focus on Results**—Until recently this generalized, diffuse form of profit-sharing or incentive bonus—with the accent on bonus—was the most common sort. But now, companies are finding ways to bring the incentive right down to the men at each desk. They can sharpen their plans because:

• Increased decentralization of big companies permits pinpointing of profit responsibility among the divisions and paying divisional executives accordingly.

• Improved accounting systems, the use of budgets and standard costing, highlight the performance of each operation, permitting a still closer check on how effectively management people are working.

• In operations that can't be measured in dollars and cents, companies generally adopt certain targets against which achievement can be judged.

According to consultants, only a few companies have swung all the way to systems based solely on incentive, but these are bellwether companies, the ones that pioneer for the rest of indus-

try. And many other companies are following them in various degrees.

• **For Example**—Among the leaders in this and other management practices are such companies as General Electric Co., General Motors Corp., E. I. du Pont de Nemours & Co., and Sears, Roebuck & Co. Their executive bonus plans have pretty well proved out and are being widely echoed.

More recently, other companies have remodeled their bonus plans: Koppers Co., Inc.; ACF Industries, Inc.;sylvania Electric Products, Inc.; Ohio Petroleum Co., Whirlpool-Seeger Corp., Marquette Cement Mfg. Co., Joy Mfg. Co., and many more.

It takes years to prove out such plans, and many companies aren't yet really sure if their plans are doing the job intended for them. Even when they aren't wholly pleased, they tend to feel committed to continuing present policy, at least until they can find a solution before having to admit any faults.

"Besides," says the personnel vice-president of a retail chain that has a generous bonus plan, "between the government tax bureau and the stockholders who don't seem to realize that it's our incentives which breed the profits, we get into trouble every time our plan is highlighted. Our plan works but we don't want to advertise it."

• **Switching Emphasis**—Generally, when a company turns a generalized incentive plan into a personalized one, it reappraises jobs in the light of their direct or indirect bearing on profits.

In most companies, executive jobs fall into three categories:

• Those that have full responsibility for profits, as with heads of companies or autonomous divisions. These are evaluated first, being the easiest, to form a skeleton for the bonus pattern.

• Those, such as production or sales jobs, that can be measured against budgets and quotas—a relatively easy evaluation if the standards are accurate and allowances are made for either windfalls or special difficulties. These are penciled in according to the same pattern as the first category.

• Those staff jobs that can't be evaluated objectively but must be graded according to the pattern laid down in the first two categories.

Not all companies can use an all-out incentive bonus plan. A lot depends on the personality of the chief executive, the staff setup, the nature of the industry, the company's willingness to make administration of the plan a full-time job.

• **Who Can Use It**—Even such an articulate advocate of individualized, profit-centered incentive plans as Arch

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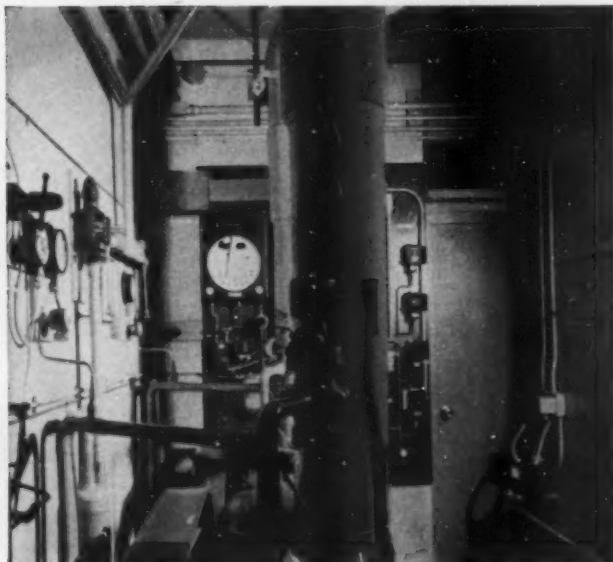
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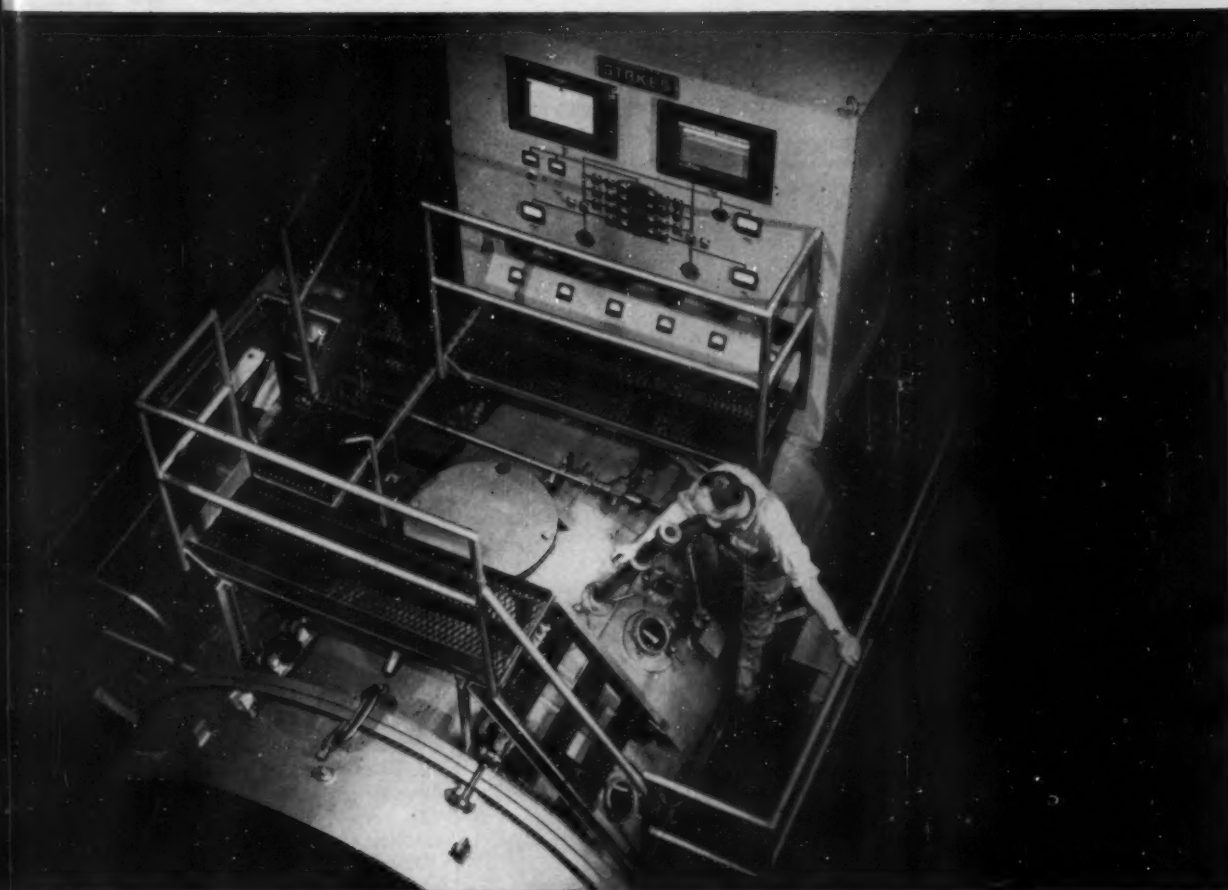


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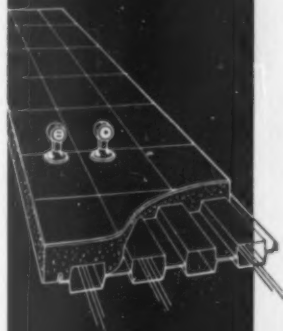
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The State Mutual Life Assurance Building in Worcester, Mass. is unique in two respects:

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2. The building can't be electrically outdated. Milcor Cellufloor provides power pathways in the floor to accommodate all of today's wiring and permits easy addition of possible new services in the future — data-processing and office automation circuits, closed-circuit TV hook-ups, and many others.

For greater flexibility in placing private-office partitions, the central area of each floor in this building has no columns. Style BC Cellufloor — used throughout — is ideally suited to this type of construction. It combines light weight with great strength — and carries floor loads over long spans with fewer structural supports.

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Cross-section showing Cellufloor installation in State Mutual Life Assurance Building.
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*"... incentives work best
with 'hungry' dissatisfied
men..."*

STORY starts on p. 112

Patton, partner in McKinsey & Co., New York consultants, sees limitations on their usefulness in some cases.

He says they need competitive-minded presidents who are willing and able to reward outstanding individual performance and—what's more difficult—to penalize poor performance. They also need an organizational setup that gives officers clear-cut responsibility and an equally clear idea of what is expected of them.

Thus, a company can best use incentive compensation if executives are doing things as individuals and have direct control over specified fields.

Such a plan is less likely to succeed in a committee-run or "team" operation or in a company where executives could be characterized as "a happy, contented group." Incentives seem to work best, says Patton, with "hungry" dissatisfied men willing to run risks in order to get above-average results.

Patton sees greater use for incentive programs in competitive industries, such as autos or textiles, that have rapid technological and styling changes than in government-dominated industries, utilities, railroads, and other mildly competitive fields.

• **Words to Wise**—For companies setting up new plans, most consultants suggest:

Keep the plan to a small top group at first. Until it has been tested out it shouldn't be spread throughout management. This way corrections can still be made without giving the company a black eye.

Keep it as simple as possible. Complicated formulas aren't flexible enough to meet changing conditions, and anyone resents a plan whose workings he doesn't easily understand.

Don't make incentives too high. If a bonus is too high above base salary, a man treats it as a form of salary instead of as a "bonus." It shouldn't run more than 40% to 50% of base.

Draw a balance between reward and penalty. Bonuses shouldn't be taken for granted. Withholding a bonus is as much of an incentive as giving one, and this side of a plan should be used, too.

Be wary of stock options. They might fit into your needs, but then again they might not.

• **Backfires**—J. L. Handy, the New York executive compensation consultant and talent scout, is especially leery of stock options. "First of all," he says, "they direct too much emphasis and executive thought toward market prices instead



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shown above (that of a steam-turbine unit) and the broad background of a permanent staff serving many industries . . . combine to prove that in electric power, too, "you can be sure with Fluor."

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"... the critical parts of a plan are its day-to-day administration..."

STORY starts on p. 112

of value." Second, they can backfire, sometimes because the market value of an industry's stock takes a tumble—as in the textile industry—and sometimes even because it climbs.

Handy tells of five successful company officers—two presidents and three executive vice presidents—who have approached him in the past year in search of new jobs. All these men had stock options, the lowest with a profit of \$350,000 and the highest touching \$825,000. All wanted to cash in their holdings, which they thought were overpriced. They didn't feel they could do so while still with their companies, so they were looking for a way out. The very bonus plans designed to hold these men were in fact driving them away.

• **Day to Day**—Aside from the more obvious booby traps, the critical parts of a plan are its day-to-day administration and the manner in which bonuses are decided upon.

Printed forms that list leadership qualities aren't very helpful, says Patton. If anything, they lend themselves to snap judgments. Patton tells of one president who blithely filled out rating sheets for 100 executives in two hours. He questions the incentive value of half a million dollars allocated in this manner and wonders how much faith these executives have in their chief's objectivity or interest.

Some of the most effective systems are built around a bonus committee often composed largely of non-officer board members. This committee allocates awards to the heads of divisions or functions on the basis of relative performance. Functional heads make allocations to those reporting to them, and so on down the line.

Final decisions are made by the chief executive officer or the bonus committee, with a review of all recommendations to make sure there's a "spread" of awards—some high and some low.

Consultants say that the two most important groups being appraised at any one time are the top 15% to 20% who turned in the best performance and the 15%-20% who did the poorest work. These are the key men in the incentive plan—the ones who have to be watched, on the one hand to see that their progress is encouraged and on the other hand to see that they don't lag persistently.

It's in the handling of rewards and penalties for these two groups that the effectiveness of a bonus incentive plan can best be judged. **END**

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INTERNATIONAL OUTLOOK

BUSINESS WEEK

AUG. 11, 1956



After a week of feverish activity in London and Cairo, the stage is set for the London conference on the Suez Canal crisis (page 28).

The conference cannot produce any immediate solution because Egyptian dictator Gamal Abdel Nasser won't be represented. The job of the conference—at which Secy. of State John Foster Dulles will again represent the U. S.—will be two-fold:

- To work out a revision of the 1888 Constantinople Convention. That was the international agreement that set up the Suez Canal Co.'s special international character, guaranteed the right of passage to all countries through the canal in peace and war. The conference will attempt to modify the agreement in a way that will satisfy the major maritime powers—particularly Britain, France, and the U. S.—and offer the Egyptians a fair deal.
- To narrow down as far as possible the gap between the West and India on what should be done. The West hopes that doing this will enable India to swing at least part of the neutralist sentiment in Asia into line behind a solution.

Neither Washington nor London has any illusions about the Kremlin's purpose in attending the conference. It is understood that the Russians want to have their fingers in both pies—the Western conference and Egyptian policy-making. The Kremlin, this way, hopes to become the arbiter in the Near East crisis.

That's why the West expects little constructive aid from the Russian delegation.

Some diplomatic quarters are even more pessimistic. They expect Nasser this weekend to announce a "friendship and mutual assistance" pact with the Russians. It would be much like the Baghdad Pact alliance which the West has formed with Turkey, Iraq, Iran, and Pakistan. Nasser, according to these reports, would sign the treaty when he goes to Moscow next week on a state visit—perhaps on the very day that the London conference convenes.

This would turn the Suez crisis into an open East-West conflict, which the West has hoped to avoid.

This prospect is discounted, however, in Washington. Nasser is reliably reported to have appealed to the Russians for a promise of military aid—if Britain and France should try to retake the canal by force of arms. Moscow, it is believed, has stalled on this request—hinting that Nasser can expect arms and supplies, but not actual Soviet intervention.

One thing is clear: Dulles—firmly supported by Pres. Eisenhower—will do his utmost to forestall any shooting without surrendering any part of the West's basic position.

In this, Dulles will have an ally in India's Prime Minister Jawaharlal Nehru. The Indian leader supports Nasser in his right to nationalize the canal—but Nehru has denounced Nasser's military moves as well as those of Britain and France.

Nehru is deeply concerned about the consequences of possible blockage of the canal. Most of India's foreign trade moves through Suez. India's Second Five-Year Plan depends on capital goods moving out from Europe through Suez to India. If Suez were blocked, New Delhi's industrialization plans would be badly delayed.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

AUG. 11, 1956

The impact of the Suez crisis on the British economy has been telling. Just a few weeks ago Prime Minister Eden had to defend Britain's tough policy in Cyprus as necessary to protect Near East oil supplies. Now the argument carries even more weight for Suez. The crude oil passing through the canal for Britain is the equivalent of 15% of the country's total energy needs. Britain also depends on oil for petrochemicals. And much of her rubber, wool, tea, lead, sugar, jute, and vegetable oils move west through the canal.

The cost of defending these supplies is equally high. The government had hoped to cut defense costs by between \$1.1-billion and \$1.4-billion a year over the next two or three years. London hoped to slash conventional forces in favor of atomic defenses and to end compulsory military service by concentrating on smaller forces with better equipment. The Labor Party had actually promised to abolish conscription—in hopes of winning votes.

All that has now been blown sky-high. Prime Minister Eden set the tone in his speech to the nation this week when he said that "internationalization of the canal is a life and death matter to all" in Britain.

Talk of reducing military manpower and retiring warships is over. Now a new way must be found to cut government spending. Meanwhile, the economy will remain overloaded. **The inflation danger has grown worse.** Hopes of price stability have already been shaken by commodity price increases. Military manpower mobilization is modest so far but even the call-up of a few thousand men—including a few hundred specialists—tightens industrial bottlenecks. This in turn will make resistance to wage claims more difficult for British employers. Finally, **the government's squeeze on credit may be halted**—perhaps the sharpest immediate effect of the Suez crisis.

—•—


There was more to Indonesia's cancellation of its nearly \$1-billion debt to Holland this week than just a reaction to Nasser's Suez nationalization. The Indonesians charged the debt had been contracted after World War II by the Dutch-run Netherlands East Indies government in fighting the Indonesian Republic. Djakarta's decision was made despite the fact that it voluntarily accepted the debt when sovereignty was transferred from the NEI government to the Republic in 1949. About \$173-million is owed to Dutch bondholders and is guaranteed by the Hague government.

Indonesia's action is prompted by the sad condition of its economy. Foreign exchange reserves have been slipping badly—from \$307-million in January to \$237-million in April. Earlier this month reserves fell below the legal minimum needed to back the nation's currency. The minimum had to be lowered from 20% to 15%. In addition, the government got an unprecedented \$55-million loan from the International Monetary Fund.

Djakarta businessmen are worried. Inflation is rampant. The new government budget—which is now overdue—reportedly depends on heavy new deficit financing.

—•—

Interior Dept. officials have alerted the major oil companies to be prepared for joint emergency action if the Suez Canal should be blocked. All the West's tanker fleets would have to be pooled for maximum haulage. Oilmen say it won't be so easy as in the 1951 Iran crisis because: (1) The Defense Dept.'s tight Foreign Petroleum Supply Committee has given way to a looser organization in the Interior Dept.; and (2) there are few professional oilmen in policy-making positions in the government.



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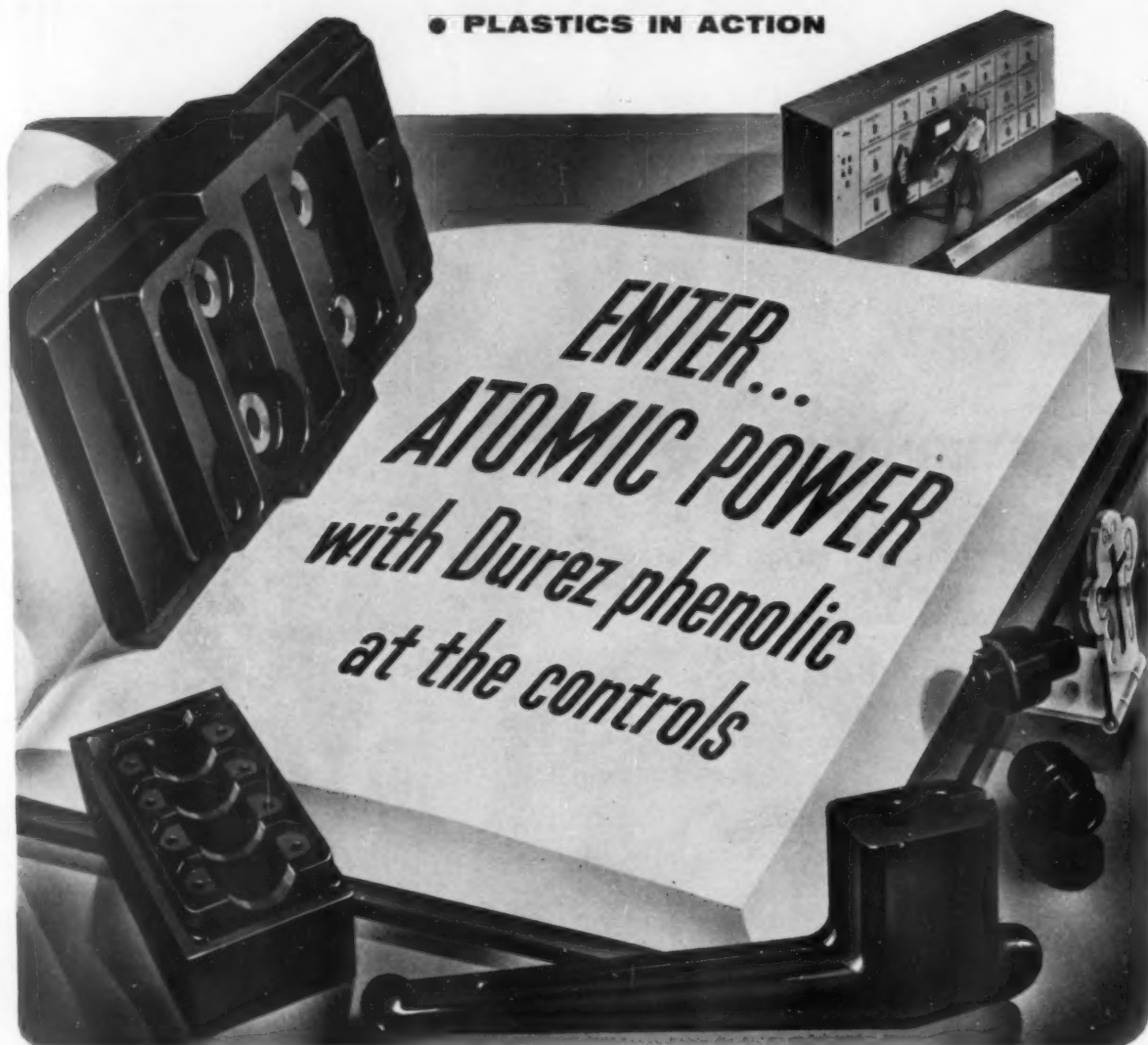
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Offshore Land Dispute Heads

Toward Supreme Court

This week it looked as if only the Supreme Court can settle the long-standing dispute between the federal government and Louisiana over ownership of some potentially rich offshore land.

Talks held last week between the state and federal government to reach a settlement ended in total failure. In an attempt to negotiate an agreement, a Louisiana delegation—headed by Chmn. William Helis, Jr., of the State Mineral Board—called on Solicitor J. Reuel Armstrong of the Interior Dept. For two days they argued, and then the talks broke down completely.

The only thing for interested oil companies to do now is sit tight until the Supreme Court rules, probably in the fall term.

In dispute is the bottom of the Gulf of Mexico that ranges outward from 3.5 mi. to 10.5 mi. off the Louisiana coast. The federal government lays claim to everything beyond 3.5 mi.; Louisiana says it owns the entire area out to the 10.5-mi. limit. Last June the high court halted both drilling and lease sales in the disputed section until it could rule on ownership or until the state and federal government could negotiate a settlement.

• • •

John L. Lewis Turns His Rhetoric

On Merchant Marine Industry

John L. Lewis was almost up to his old form this week when he went before the Maritime Administration to support the request of American Coal Shipping, Inc., for the charter of 30 government-owned Liberty ships for export coal trade.

He characterized the U.S. merchant marine industry—which opposes American Coal Shipping's plan—as a “horse and buggy” operation, “afraid of competition . . . new capital, new ideas, and new boats.”

As the hearings ended, it was a good bet that the commission would approve the charters. American Coal Shipping is a new \$50-million corporation recently formed by coal-hauling railroads, mine operators, and United Mine Workers Union.

• • •

Democrats Vary Their Theme

On Atomic Power Development

Democrats in Congress who have been complaining in recent months that the U.S. is falling behind other nations in development of a civilian atomic industry, changed their tune last week. When the Atomic Energy Commission granted a construction permit to a 26-com-

pany combine for a \$40.5-million nuclear power plant in Michigan, they lambasted the commission for going too fast. Right along, the most vocal of the Democratic critics have singled out AEC's Chmn. Lewis E. Strauss for blame for what they consider the slow pace in harnessing the peaceful atom in the U. S.

The project approved by the majority of AEC—lone dissenter was Thomas E. Murray, a holdover from the Truman Administration—proposes to use a fast breeder reactor to generate electric power. This type of reactor produces atomic fuel to replace the original amount burned.

The Democratic critics sought to have the construction permit nullified by Pres. Eisenhower and/or Gov. G. Mennen Williams of Michigan. They argue that Strauss and his associates overrode their own expert advisers who opposed the permit on the grounds that not enough is known about fast breeder reactors to insure that their operation will create no hazard to the public. These Democrats were not mollified by AEC's own reservation—attached to the construction permit—warning that Power Reactor Development Corp. would not be given a license for actual operation of the plant unless the safety questions are satisfactorily resolved by the time the installation is completed, sometime about 1960.

• • •

Wolfson Exits as Transit Magnate,

But Sheds No Tears

Louis Wolfson's Washington venture as a transit magnate ends Aug. 14, with the transfer of the Capital Transit Co. franchise to a syndicate headed by O. Roy Chalk, New York financier who heads Trans-Caribbean Airways, Inc.

Chalk's group paid \$13.5-million for the franchise—which an angry Congress took away from Wolfson after a long strike by transit workers crippled business in the nation's capital.

Wolfson's departure was not entirely unhappy from his point of view. As Capital Transit's principal stockholder (with a reported interest of 37%), he convinced other stockholders to transfer their investment to his new investment firm, Universal Corp.

• • •

Pres. Eisenhower Signs Bills

On Admission Taxes, Kidnaping

Pres. Eisenhower this week was working his way down to the bottom of the mountainous pile of bills Congress left him in the adjournment rush two weeks ago. Most of the bills he signed were minor, but a couple rate special notice:

- Abolition of the 10% admission tax on tickets to movies, sporting events, etc., costing less than 90¢. The prior exemption was on admissions that cost 50¢ or less.

- Granting the FBI jurisdiction in kidnaping cases after a one-day wait. The old law forced the agency to wait seven days before intervening.



Unionists in atomic, chemical, oil and petroleum fields make up first of AFL-CIO's industry committees, which will serve as . . .

Labor's New Bargaining Backstop

The biggest offspring of last December's AFL-CIO marriage is the federation's Industrial Union Dept. It may also prove to be the toughest, as far as management is concerned, in the years ahead. It is just beginning to flex its muscles.

When the two labor federations joined forces eight months ago, the merger agreement set up a special department to house its industrial unions—principally from the CIO—and to look after their interests both within the alliance and in facing employers outside.

• **IUD's Potentiality**—Already, the IUD shows evidence at least of holding its own in the long-time battle with the old ex-AFL craft unions. And, potentially, with 7-million members, it is shaping up as the federation's No. 1 economic opponent of management.

In both cases, the IUD's role is just starting. Its program is long range, directed by labor's long-range planner, United Auto Workers Pres. Walter Reuther. On this platform Reuther stands alone; he shares his other high

posts in the AFL-CIO with other union leaders.

• **Future Plans**—The fact of Reuther's leadership, in itself, isn't enough to make the IUD a potential power. Latent strength lies in its size and plans for the future. The IUD is moving on two fronts:

• Late last month, IUD got its program for more effective bargaining with employers under way at a Denver conference attended by the Reuther-led executive officers and presidents of 74 IUD affiliates. At this session, the industry committees that may provide IUD with its collective bargaining teeth drew up their strategy. The job ahead is to make it work.

• This week, the first concrete peace proposals for settling the ancient industrial-craft union conflict in the field of factory construction were presented by a special committee of the IUD and its craft counterpart, the AFL-CIO Building Trades Dept. Tabbed for the most part as the handiwork of industrial unions, these proposals don't offer a final solution. But

they do give the IUD a new initiative in the running dispute.

I. Coordinated Bargaining

A basic part of the Industrial Union Dept. is its industry committees. These are divided into groups of 12 general industries, made up of unions having interests in those particular fields. For instance, there are 20 affiliates of the atomic, chemical, oil and petroleum group; 19 unions in metal working, machining, and fabricating; 14 in transportation; 18 in white collar employment; and so on.

• **Mutual Strategy**—The idea behind such committees is that the unions of mutual interests should have mutual, and perhaps coordinated, strategy in dealing with management. Wherever unions cross the same employer, they could provide a stronger front by working together.

Now in the early planning stage, the industry committees are set up as centers to share information on labor contracts held by affiliates, to round up

wage and other economic data on employers or groups of employers in particular industries, to work out concerted bargaining goals covering such newly developing fields as automation and the guaranteed annual wage.

Carried to the ultimate, such coordinated action could present a formidable front to any employer or group of employers. It could prevent something like the division in the aluminum industry, where the Aluminum Workers settled with the major producers on a new contract while the Steelworkers Union struck against the same offer (page 135).

• **Problems**—But such cooperation is a long way off. The IUD constitution makes a big point of the autonomy of its affiliates, and such autonomy will continue to be guarded jealously by IUD members. Sharing of contract information will be made with an eye on a rival union that might gain by such data; joint planning might prevent one union from making a contract settlement where it normally could gain by such a move.

What IUD strategists hope to do is break down any lingering distrust among the unions so they'll use their industry committees to give and get bargaining information that can be put to use in their own negotiations. To that end, the IUD supplies research and technical specialists, and also has set up special technical committees to handle problems.

• **Technical Advice**—Working alongside the industry groups are special technicians' committees, designed to draw up strategy for negotiating and handling such subjects as Supplementary Unemployment Benefits, automation, health and welfare pension programs. Here, the idea is not to set new policy, but to share whatever experience IUD members have had in the fields.

As a practical matter, the smaller unions in the IUD stand to benefit most from the department's services. The larger ones, such as UAW and steelworkers, have their own technical staffs that would do much the same work as the IUD. But these big unions also will have a better chance to avoid being undercut, contractwise, by a smaller union. If the IUD had been formed two years ago, there's a good chance that pressure would have been exerted on the ex-CIO Glass Workers Union to keep it from signing a savings-fund type of unemployment benefit that the major unions have protested against as inadequate.

II. Internal Role

On its other major front—industrial unions' role within AFL-CIO—IUD is not making such smooth or fast progress. From the moment of its forma-

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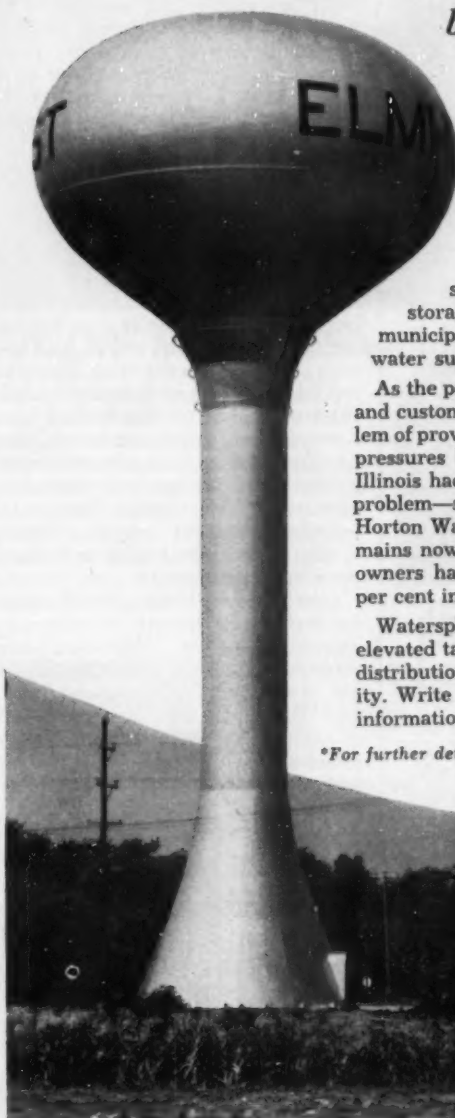
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tion, the department has considered itself as the protector of industrial union interests and, despite frequent public denials, acts as a "power bloc" against the Building Trades Dept.

• **Top-Level Action**—Until this week, there had been many meetings between units of the IUD and Building Trades Dept. on settling the jurisdiction for work on factory construction projects. But there were no results. So, in an attempt to move the dispute off dead-center, a special subcommittee of the top-level AFL-CIO Executive Council was named to take it on.

Out of this group came two proposals—one by Bricklayers Pres. Harry Bates and the second by AFL-CIO special counsel Arthur Goldberg. Both were presented to an IUD-Building Trades Committee for action this week.

• **The Proposals**—In essence, both plans take the position that no formula can be written that would spell out what plant construction work should be handled by craft and industrial unions. Bates pointed out: "The dividing line between new construction or additions on one hand and maintenance work on the other is impractical and unadministrable." He suggests that a joint technical committee compile a history of such disputes to develop an eventual procedural agreement.

Goldberg goes further. While agreeing that no set plan can be written, he suggests setting up a three-man board composed of current AFL-CIO arbitrators in the Building Trades and Industrial Union Depts., along with the no-raiding agreement arbitrator as president. This panel would make preliminary decisions on any unsettled disputes, and refer their opinions to AFL-CIO Executive Council for final decision.

III. Leadership

While consciously occupied with its special problems, the IUD is being shaped by the personalities that run the department. It is less of a "CIO pocket" than was originally anticipated because of the large membership of former AFL unions. But, nevertheless—in its publications and policy—it reflects the philosophy of Walter Reuther.

• **Rivalry**—However, with the rise of the star of Steelworkers Pres. David McDonald, Reuther's own position necessarily diminishes; the rivalry of the two union leaders gives a see-saw effect to their influence. McDonald gained new stature by winning a hefty settlement in the steel negotiations, far beyond Reuther's advances in last year's auto negotiations.

Should this trend continue, the shape of the IUD would change. McDonald's influence would begin to overshadow

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BUSINESS WEEK • Aug. 11, 1956

Reuther's. His closer ties with the building trades unions would diminish that particular conflict; his greater concern with bread-and-butter unionism would trim the IUD's social welfare programs.

• **Reuther's Imprint**—But, as long as Reuther leads the Industrial Union Dept., it will operate as sort of a smaller scale federation. With conventions every two years, policy statements on everything from taxes to prohibition, legislative and education conferences, the IUD will mirror the Reuther personality within AFL-CIO.

If, and when, the IUD becomes more than a federation-within-a-federation, it could be one of the AFL-CIO's strongest forces. While the AFL-CIO traditionally steers clear of collective bargaining matters, its various divisions do get into the negotiating business. And, with 74 unions and 7-million members, the IUD could coordinate the biggest economic push that management has ever had to face.

Westinghouse Settles Incentive Pay Issue

The 297-day old strike at Westinghouse Electric Corp.'s Lester (Pa.) works ended early this week. Westinghouse and the independent Union of Electrical Workers reached an agreement covering about 6,000 employees. The walkout began Oct. 14, lasted almost twice as long as the main 156-day strike by United Electrical Workers and International Union of Electrical Workers against Westinghouse last winter.

As was the case in over-all Westinghouse bargaining, incentive pay was a big bugaboo at the Lester negotiations. The company sought to withdraw incentive rates that had become loose during wartime. This change involved time studies and job reclassifications. The union said nothing doing, charged that the company's proposal would result in a general wage reduction. The long strike, marked by violence and bitterness, followed.

• **Terms**—Settlement terms permit Westinghouse to terminate incentive pay which it had previously given some 2,700 employees. Jobs of all employees will be subject to reclassification. Disputes over job reclassification will go to a joint union-management committee. But employees returning to jobs not previously covered by incentive pay will suffer no pay cuts even though their jobs are reclassified. In addition, the five-year contract calls for an annual pay raise of 3% beginning immediately. In the last two years of the contract, the annual boost will be 3 1/2%.



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By adapting Rockwell-built Delta Cut-Off Machines to handle custom work with limited production runs, General Bronze Corp., Garden City, L. I., eliminated the need for expensive special tooling. Dual Delta set-ups shown above (cut-off machines mounted on lathe beds at 45° angles) turn out over 300 precision-finished aluminum window parts per hour.

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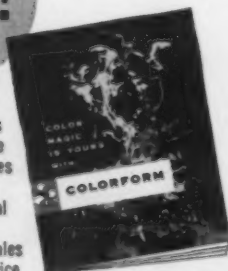
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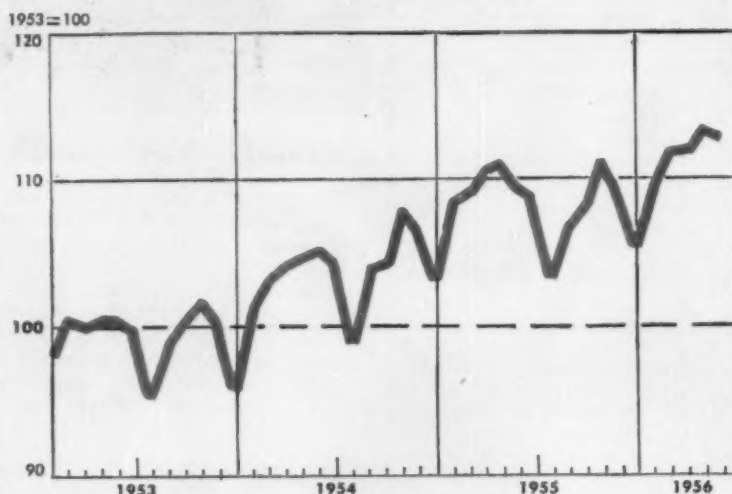
Increased Output

The Three-Year Rise in Labor Productivity

The argument is over how much is due to increased worker effort and efficiency, how much to management expenditures and planning in the form of new machinery and better methods.

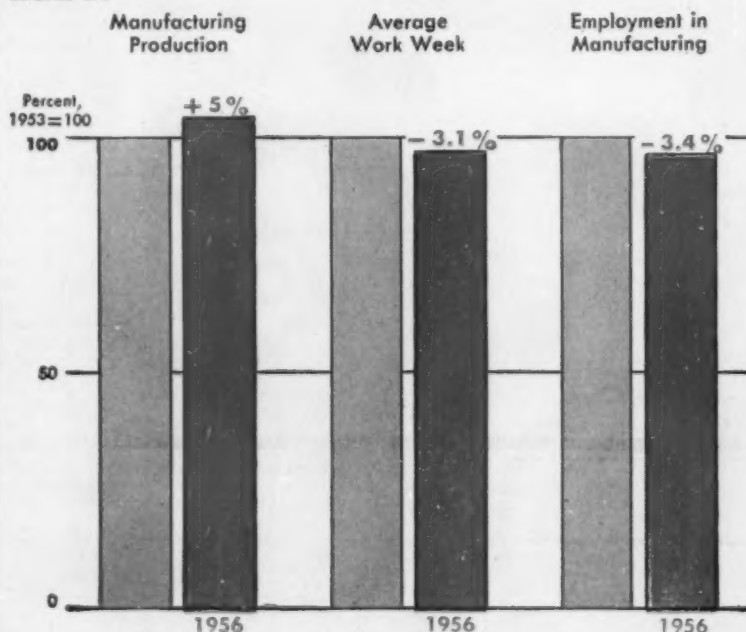
Production

Per Man-Hour in Manufacturing Industries



Data: Federal Reserve Board, Dept. of Labor, BUSINESS WEEK.

Labor



First Six Months in All Cases

©BUSINESS WEEK

Becomes a Bone of Contention

FOR FIVE YEARS NOW, the problem of productivity and what it means to labor contracts has been high on the list of issues between management and unions. It's going to be even more troublesome in the future, and the charts show why. Increases in production per man-hour the last three years are substantially higher than the long-term trend—which generates a renewed round of questions:

- How much of the rise is due to better workmen, and how much to better machines?

- Just as important, can the faster productivity rise of the last couple of years be sustained over a long pull, or will it burn itself out?

- What about the value and accuracy of the productivity estimates themselves—are they good enough to settle issues that the rise in output per hour creates?

- Who—owner, worker, or customer—is entitled to the economic benefits of greater productivity and in what proportion?

- **Price Spiral**—Commerce Secy. Sinclair Weeks revealed how important these questions are in Washington last week in commenting on the steel settlement. The three-year, 45.6¢-an-hour package won by the United Steelworkers would not by itself cause inflation, Weeks said. But he added that more contracts like it would start a dangerous price spiral, because the gains that go to labor are greater than the actual rise in productivity in the steel industry. Reporters wanted to know what he based this on; Weeks said he "just knew it." He could cite no dependable figures, for there are none available.

I. New Values

The problem of whether men or machines are chiefly responsible for productivity gains can't be answered by either economists or statisticians. Most of the men in government bureaus who gather the figures and ponder their meaning, point out that factory workers plainly don't put as much physical effort into the job as they used to. Therefore, it appears, productivity increases cannot be laid to harder work.

"Men who tend machines are not paid for hard work or even for skill, but for attentiveness," one expert puts it. "A little carelessness, and thousands of dollars can be lost. Attentiveness is worth a lot to the owner of the machines. To this extent, the worker contributes fully to the production rise, though he sweats less than he used to."

- **Also Involved**—Another argues that most people take too narrow a view of

the production process. It does not consist of individuals in a production line tending machines, but involves the whole complex of people who made, designed, and invented the machine, as well as those who financed it, and those who sell its products. The number of strictly production workers in factories, for example, is still below the peak reached in 1953, though the number of salaried workers employed by manufacturers is rising rapidly. All of these salaried people are involved in the productivity picture and make contributions to it, thus tending to weigh the human side of the equation.

II. Union Rebuttal

From a union point of view, this is not too happy an explanation because it plays down the role of the assembly line worker. But in practice, unions are making their point stick with management. They assert that labor deserves and should have a share of rising productivity. Charles E. Wilson accepted this principle in a labor contract for General Motors in 1948, and ever since, wage increases promised several years ahead have played a major role in negotiations over a wide area.

- **Expansion**—The current stepup in the rate of increase is probably due mostly to heavy investment in new plant and equipment the past half-dozen years. The rise is substantial. From 1919 to 1939, productivity in manufacturing industries rose at a rate of 3½% a year, according to the Bureau of Labor Statistics. During the next eight years, when war production was dominant, the increase dropped to 1% annually. From 1947 to 1953, productivity rose 3½% a year. Figures for the past couple of years indicate a rise of 5% annually—which, if maintained, would greatly increase the prospect for future rises in wages, salaries, and standards of living.

III. Skeptical Experts

Seasoned analysts of productivity figures are skeptical of projecting the new rate into the future. If the cause actually is better plant and equipment—as most of them suspect—then it might be maintained as long as management keeps up its current record-smashing rate of investment. But they want to wait and see.

A gnawing worry is doubt about the accuracy of their own figures. The basic formula is simple enough. Production is divided by the hours of labor, and the result is output per hour, or productivity. The formula is particularly

suited to manufacturing, because output can be measured in units, unlike such enterprises as finance, insurance, government, and the service trades. But even in manufacturing, there is the problem of whether total hours should be used, or only hours put in by strictly production workers.

- **Pace-Setter**—Manufacturing seems to have set just about an average pace for increased productivity since 1947. It has gone along at about 3½% to 5% a year. But utilities have shot ahead with a gain of 8% a year. Mining has probably gained slightly faster than manufacturing, and railroads about the same. Construction probably kept up with manufacturing.

Outside such major industries, productivity seems to increase at a slower pace. For the economy as a whole, estimates put the rise between 2.5% and 3% annually from 1910 to 1953.

IV. A Matter of Faith

Better figures will be forthcoming in the future. The Bureau of Labor Statistics has been at work on the problem for several years. Among others, it is making a special study of the steel industry that may produce answers to the question left dangling by Secy. Weeks.

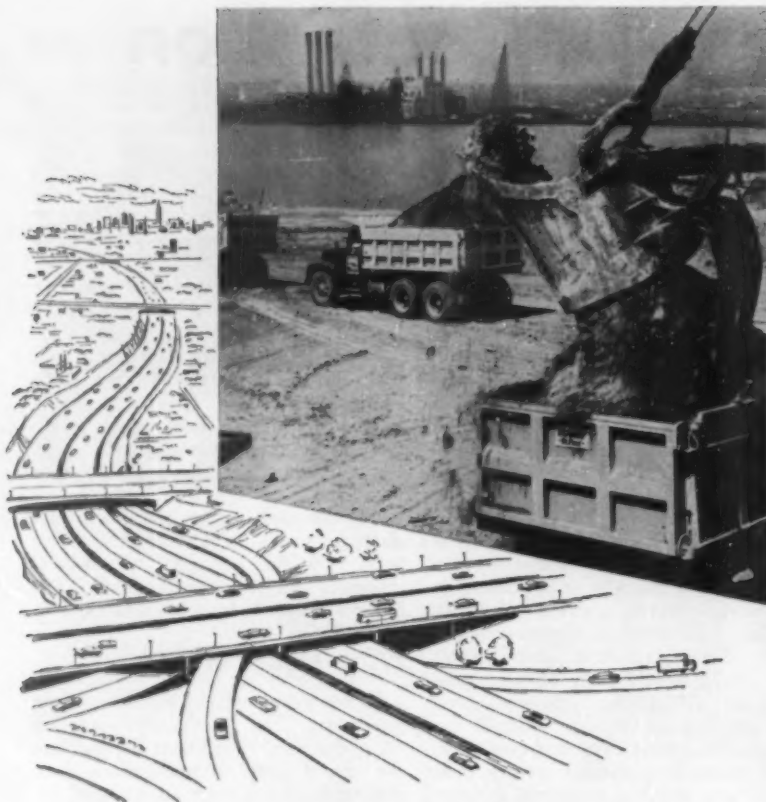
Neither labor nor management has waited on tested statistics. They have made productivity the key to long-range labor contracts apparently because—philosophically—both believe in it as an integral part of our system.

This confidence astounds visiting industrialists. A group of businessmen from Great Britain recently told officials of the Federal Reserve that they could not understand how U.S. industry could sign long-term promises to raise pay. They remained dissatisfied when the explanation was made in terms of rising output per hour.

"But how do your people know they can keep it going up?" came the question. "It's a matter of faith," officials answered.

"We may not be able to measure the productivity rise accurately, but we know it exists," is how one specialist in government summed it up.

Productivity became an even more acute question in the steel industry as U.S. Steel led in announcing "initial" price increases to compensate for the higher wage rates. If man-hours per ton of steel made decline sufficiently, the new prices could stay firm over the entire 3-year labor contract term. If not, further price boosts next year and in 1958 may be anticipated to balance the future wage hikes provided in the contract. **END**



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Labor Day Stamp

Special issue with design from AFL-CIO headquarters for the first time honors the labor movement as a whole.

In addition to the usual messages and greetings that Washington offices proffer for Labor Day, something new will be added this year. The Post Office Dept. will issue a special 3¢ Labor Day postage stamp.

In 1950, the Post Office brought out a small commemorative issue honoring the late Samuel Gompers, AFL's founder, but this will mark the first time that the labor movement as a whole has been so honored.

Inspiration for the special stamp issue came from Labor Secy. James P. Mitchell. For the engraving, government officials selected a portion from a mural in the Washington AFL-CIO building, depicting the goals of a worker—guarding the home, educating his children. Also included is the Thomas Carlyle quotation, which captions the mural: "Labor is life."

When Pres. Eisenhower and Postmaster General Arthur Summerfield had approved the stamp, it was ready for issue. Sheets and first-day "covers" of the stamps will be distributed among high-ranking labor officials in advance of the public sale.

• **Origin**—Camden, N. J., was selected as the site for the new issue since it is the birthplace of Peter J. McGuire, originator of Labor Day. McGuire, a powerful figure in early AFL history, came from the carpenters' union to become the first secretary of AFL. He was a member of the small coterie of trade unionists that started AFL.

Labor Day came about through the Central Labor Union of New York City, which was formed of 14 unions in 1882 as an outcropping of a mass meeting called "for the purpose of sending greetings to the workers of Ireland in their struggle against English landlordism."

CLU soon became the strongest city central organization in the country, raising in its first year \$60,000 for a freight-handlers' strike and operating one of the earliest boycotts against an anti-union firm of gold beaters in Philadelphia. Also in 1882, CLU, acting on a motion by McGuire, called a labor holiday on the first Monday in September.

This was the first Labor Day. Shortly thereafter, several states declared legal holidays called Labor Day. This year's holiday, officially observed in all states and territories, will be the 74th annual observance. **END**



How RCA Television is helping to solve the teacher-classroom shortage

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This is KETC, St. Louis' pioneer educational TV station where new, imaginative concepts of televised education are being developed by world renowned educators, TV producers and engineers. Their goal, like the many other educational TV stations, is to help alleviate the teacher-classroom shortage. In little more than a year, KETC has transmitted a successful grade school program, several college accredited courses, begun teaching technical subjects

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At bridge approach, sharp turn, or embankment, this steel guard rail means safer travel. Besides, it's a definite psychological aid to safe driving. The presence of this steel guard along the edge of the highway makes the

driver feel more secure, and therefore more relaxed. Motoring becomes more fun, and a lot safer.

The sturdy, competent appearance of the Bethlehem beam guard rail gives an accurate clue to its character. It looks strong and it is. It has strength to withstand the impact from a colliding vehicle, yet is flexible enough to re-direct the vehicle parallel to the road.

In these days of superhighways engi-

neers sometimes put in a double line of these guard rails back to back on the island of a divided highway, as a safeguard against collision with cars coming in the opposite direction.

Thousands of miles of Bethlehem beam guard rail are now making travel safer on highways all over the country; many additional miles of this steel guard are being supplied for roads now under construction.

BETHLEHEM STEEL



In Labor

• • •

New Twists for Welfare Plans: They'll Pay for Legal Talent

Employee health and welfare plans, already packed with a wide variety of benefits, gained a novel addition last week: payment of legal fees for members of one union who are engaged in suits affecting their job security.

The group that won this new benefit is the union of merchant marine deck officers—the Master's, Mates & Pilots.

The deck officers can be suspended or have their licenses revoked by the U.S. Coast Guard; when they are so disciplined, they are entitled to a hearing before a Coast Guard board. Now the officers can draw from the welfare fund, which their union administers jointly with American Merchant Marine Institute, to pay for counsel when they're involved in such hearings.

Trustees of the fund, made up of union and institute officers, called in an arbitrator to settle their argument over whether this should be a fund benefit.

Both union and employers agreed the fund could afford the added expense. But employer trustees argued that though their fund agreement didn't define the word "benefit," the parties meant the term to cover only such normal things as life insurance, and medical or hospitalization payments.

Arbitrator Mitchell Shipman ruled that the fund should pay for members' legal expenses because (1) the employees' job security is subject to control by an outside party, the U.S. Coast Guard, and (2) the deck officers are subject to "the hazard of charges of misconduct" because, as supervisors, they are constantly dealing with other employees.

• • •

Steelworkers Get Back to Jobs Even in Long-Idled Alabama Mills

Steel companies and United Steelworkers' locals all over the country put finishing touches to local agreements this week, and steel mills, idle since July 1, got back into operation.

At the same time, the way opened for resumption of production at the much-longer-idled Birmingham, Ala., mills of U.S. Steel Corp.'s Tennessee Coal & Iron Div. TCI, which produces about 10% of U.S. Steel's output, had been closed since Apr. 27 by a strike of 250 members of the Brotherhood of Locomotive Firemen & Engine-men (BW—July 7 '56, p. 117).

Some 25,00 steelworkers refused to cross the brotherhood's picket lines in Birmingham. But while the steel strike was still unsettled, USSW officers at the TCI local decided their men would cross the railroaders' picket lines once the national steel strike was over.

Faced with this loss of pressure against TCI, the railroad union settled within a week of the end of the major steel walkout.

The TCI-railroaders' pact grants brotherhood members an 11¢-an-hour pay hike in the first year of the three-year contract, ½¢ more than the steelworkers get. Pay boosts in each of the last two years of the contract will be at least 9¢ an hour. With pension and insurance benefits, the brotherhood figures the package costs between 45¢ and 47¢ an hour. But TCI considers this estimate low, says it will cost from 52¢ to 55¢ an hour over three years.

• • •

Meatpackers' Men Bargain Together In Preview of Their Merger

Bargaining in the meat packing industry will get into full swing next week.

Wage talks covering some 25,000 Swift & Co. workers began in Chicago this week; Armour & Co. is scheduled to start bargaining with representatives of its 35,000 employees next week. Both contracts expire Aug. 31.

For the first time, the two AFL-CIO meatpacking unions—Amalgamated Meat Cutters & Butcher Workmen and United Packinghouse Workers—will bargain jointly. The two unions have worked closely together for the past three years, but until now the companies wouldn't agree to let them bargain as a team.

The unions' tandem bargaining is a preview of what will happen in future meatpacking talks. The two unions are scheduled to merge, and the single large group will take shape at a convention at Chicago Oct. 24.

The unions' major demands include a "substantial" wage increase, a seven-hour day, a 35-hour week, guaranteed annual pay, improved welfare and pension plans.

• • •

Aluminum Signs With One Union, Gets a Flat Rejection From Another

Aluminum followed steel this week as Aluminum Co. of America and Reynolds Metals Co. reached agreement with the Aluminum Workers. The new three-year contract covers some 13,000 employees at Alcoa and another 7,000 at Reynolds. The Aluminum Workers, operating under a 24-hour contract extension, didn't call a strike.

Alcoa's pact with the Aluminum Workers is valued at 46¢-an-hour increase over the three years. It is similar to the steel settlement with some variations in weekend premium pay provisions. Of the total package, 24½¢ an hour—9½¢ the first year, 7¢ the second, and 8¢ the third year—go for wage increases, the rest for improved welfare benefits, vacations, and a supplementary unemployment benefit plan. Reynolds' agreement is similar to Alcoa's.

All of aluminum won't settle so quickly. At midweek, nearly half the nation's aluminum production was shut down by a strike by the United Steelworkers representing another 18,000 Alcoa and 8,500 Reynolds employees. The companies presented offers that they valued at an average of 45¢ an hour over three years. Disagreeing with the companies' calculations, USW's first response was a rejection.



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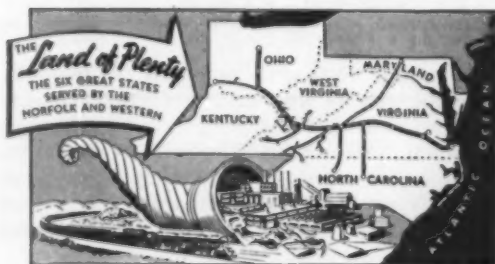
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THE MARKETS

Wall St. Talks . . .

. . . about rumored Ford financing . . . hedging in oil shares . . . climbing on a limb . . . a true handout story.

Ford Motor Co. is planning its first financing operation, according to Street rumors attributed to "good sources." Ford refused comment "at this time" on the story that it would seek to sell \$300-million to \$400-million in debentures, privately or publicly.

Hedging on oil stock operations has been touched off by the Suez Canal crisis. Brokers say that a number of clients are selling "international" oils short and buying into the strictly domestic companies.

Pinpointing the crystal ball: Some sort of a record for going out on an exact limb is set this week in George Lindsay's Opinion. It says, "A brisk rally is due by Friday. It will carry over into the following week—although this strength may be maintained only a few days. It is possible for the market to hold up until shortly after Labor Day. But the rally around Aug. 10 to 13 is the last upturn we feel confident about. After that the whole summer advance can end any time."

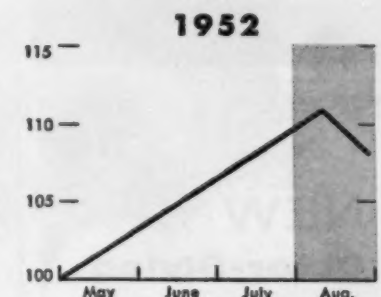
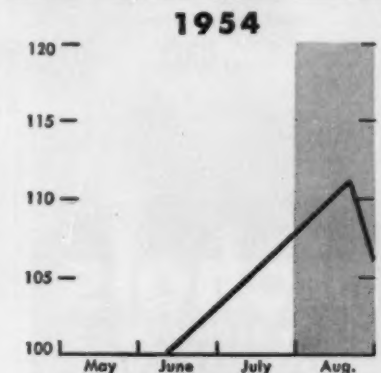
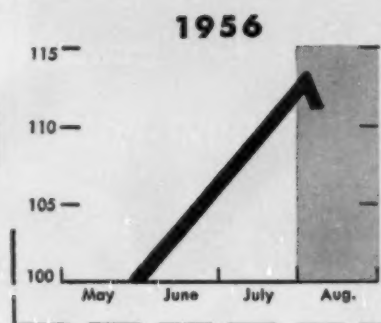
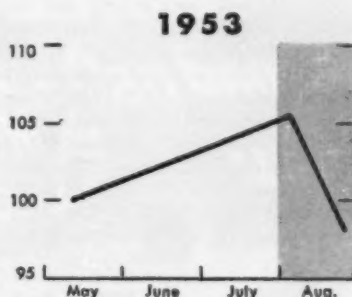
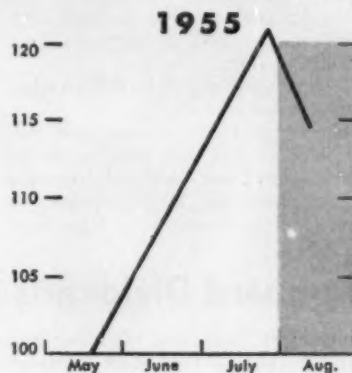
One rumor that came true. Last week it was reported that Schick, Inc., officials would not only talk freely about their company at the New York Society of Security Analysts' regular Thursday luncheon, but would also give an electric shaver to each member present. The report brought a record turnout and everyone went home happy with a free Schick Shaver.

Utility holdings of investment trusts have topped \$1.1-billion, including \$917-million in common stocks. The favorites: AT&T (stock worth \$44-million), Central Public Utilities (\$35-million), Central & South West Corp. (\$34.8-million).

July Big Board Statistics compiled by the Street's H. Hentz & Co.: Best performing commons: Georgia-Pacific Corp., up 37.5%; Cooper-Bessemer Corp., up 28.4%; Atlas Powder, up 27.6%. Poorest actors: Rheem Mfg., off 15.5%; Consolidated Retail Stores, off 13.7%; Serval, Inc., down 13.3%. Highest yielding commons: National Aviation Corp., 13.24%; Chicago, Milwaukee, St. Paul & Pacific, 12.27%. Lowest yielders among the blue chips: Superior Oil (Calif.), 0.28%; Reynolds Metals, 0.81%.

WILL THIS SUMMER'S RALLY END IN AUGUST, TOO?

For the past four years, August has meant rally's end



Data: Standard & Poor's Index of 50 Industrial Stocks.

©BUSINESS WEEK

Pattern for a Decline

This could be the crucial month for the rally that has now carried industrial stocks to new peaks (chart) in a drive lasting nearly two and a half months.

While most Wall Street analysts shy from the aphorism that history repeats itself, they nevertheless have constructed most of their theories of stock price movements on a historical base. Thus, patterns of the past are considered odds-on favorites for repeats in the near future. Summer rallies themselves, and the yearly assumption that they will occur, are products of history.

And it has been especially true in recent years that summer rallies land in the graveyard most frequently in August.

In the past four years, there have been summer rallies of various duration and gain. But each time, no matter when the rally started or how steeply

it climbed, it topped out in August, and moved lower for at least a few weeks before any new upturn came.

Suez Fears—This record of rallies—plus a number of other current factors in the market—has a forceful meaning for Wall Streeters. Obviously, they are concerned over the Suez crisis (page 28). Most analysts are saying that nationalization of the canal itself won't be the key factor affecting the stock prices—it will be how the Western nations react to Nasser's moves. No one is currently betting on a shooting war, despite the show of strength in aircraft stocks this week. And the fast snapback of the international oils seems to indicate a feeling that Middle Eastern crude sources will not be bottled up.

One factor giving a bullish shot in the arm was the steel price hike an-

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nounced Tuesday (page 25). Although the \$8.50-a-ton increase was less than the \$10-\$12-a-ton rise that most Streeters expected, the price boost helped rally the market from the previous day's lows.

• **Monday's Drop**—At midweek, Suez and steel were pulling in opposite directions, but Streeters were still weighing the sharp price drop on Monday. It was the second steepest slump this year—only the "ileitis slump" was worse. And the list of losers was so broad—809 issues declined, only 175 showed a gain—that the reasons for the wave of selling obviously went deeper than Suez. "The canal business was just a catalyst," one analyst noted.

"People are bound to be skittish when a bull market is at its top.

The height of the market itself—and the corollary fact that stock yields are at their year's low (and only one-fifth of 1% above the 1949-1956 low)—is again a focus of attention. Ever since

Pres. Eisenhower's heart attack last September, Streeters have probed the technical anatomy of the market with more care than ever. They remember they were caught short last year, and it wasn't until after the disastrous September drop that they hurriedly voiced their opinion that the market was shaky anyway.

• **Technical Troubles**—Growing from this searching analysis are two major technical worries:

• Since July 16, when a new high was reached, the market has performed languidly. Prices are slightly below the July 16 close, and there has been an absolute stand-off since mid-July in issues advancing or declining; just as many have gone down as have moved higher.

• Rail stocks have not only failed to confirm the industrials' highs but have actually moved lower, despite generally good earnings figures (page 52).

Big Board Dividends Still Keep Climbing

Should the time come when dividend payments on New York Stock Exchange issues don't set a new record, investors will have to look back a long way for parallels. For the 14th consecutive time, payments on Big Board issues in the first half of the year found a new high. Total payments were \$3.97-million, up 20.3% from the first six months.

• **Dividends**—Of the 1,080 issues listed on the exchange, 947—about 88%—paid some cash dividend in the first half. More surprising is the fact that, with most corporations husbanding cash for

expansion and working capital, 55% of all paying companies increased their payouts to stockholders.

Biggest gains by industry were mining, up 57%; automotive, up 39%; and steel and iron makers, up 39%. The only industry paying less dividends than in first half, 1955, was the shipbuilding and operating group, where payments declined 15%. Cash dividends for the three biggest paying groups—public utilities, petroleum and natural gas, and chemicals—totaled \$1,754-million, or around 44% of the total.

Stock Group	No. of Issues in Group	No. of Dividend Payers	Higher	Same	Less	Estimated Dividends 1st Half 1956	% Change 1st Half '56 vs. 1st Half '55
Aircraft.....	29	27	14	9	4	\$61,753,270	+14.8%
Amusement.....	24	22	8	13	2	39,528,830	+7.8
Automotive.....	65	52	30	18	7	371,403,290	+39.3
Building Trades.....	32	30	17	11	2	49,569,940	+16.2
Chemical.....	86	78	51	25	6	450,638,050	+25.9
Electrical Equipment.....	25	21	8	10	4	133,740,650	+18.8
Farm machinery.....	6	4	3	7	..	29,175,350	+11.9
Financial.....	36	32	17	13	4	87,362,650	+29.7
Food products, beverages.....	72	64	31	33	2	127,579,670	+9.7
Leather, leather products.....	9	7	3	4	..	11,939,600	+6.9
Machinery, metals.....	106	99	52	38	9	149,970,760	+18.6
Mining.....	40	30	20	9	1	152,992,970	+57.1
Office equipment.....	9	8	7	1	1	19,802,480	+18.2
Paper, publishing.....	41	37	19	18	..	87,103,280	+20.0
Petroleum, natural gas.....	50	41	26	13	5	593,717,130	+15.2
Railroads, railroad equipment..	80	68	28	37	4	211,529,370	+16.5
Real estate.....	9	8	4	3	1	8,716,600	+12.0
Retail trade.....	68	62	31	28	4	180,902,710	+7.8
Rubber.....	9	9	8	1	..	39,575,780	+20.7
Shipbuilding, operating.....	9	7	1	5	3	11,104,890	-15.4
Steel, iron.....	39	35	29	5	2	217,808,830	+39.1
Textile.....	43	34	17	14	3	42,014,280	+33.9
Tobacco.....	15	15	8	8	..	55,510,520	+20.1
Utilities.....	109	106	69	37	1	709,963,360	+12.8
Miscellaneous businesses.....	26	21	13	7	4	28,436,840	+10.4
U.S. cos. operating abroad.....	23	15	6	8	3	31,620,500	+9.5
Foreign stocks.....	20	15	7	8	..	66,777,160	+14.1
Totals.....	1,080	947	527	376	72	\$3,970,238,760	+20.3

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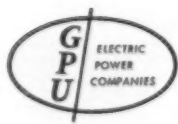
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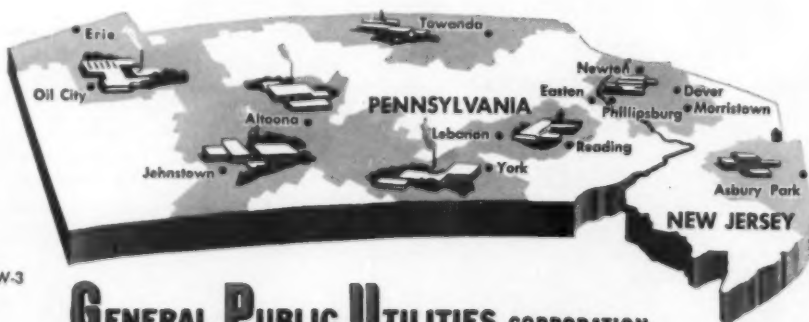


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PERSONAL BUSINESS

BUSINESS WEEK

AUG. 11, 1956



Don't be too casual or generous about your expenditures at a business convention, on the assumption that it can all be written off as a business expense. The Treasury has announced it intends to "crack down" on tax returns claiming deductions for these expenses.

Particularly suspect will be attendance at conventions held in resort areas or cities where you would be likely to spend a vacation. Also, your tax return will probably be more closely reviewed if your wife or other family members go with you, and you deduct their expenses, too.

If you intend to claim your expenses as a legal deduction, you'll first have to prove that the convention business was directly connected with your business. For example, in the past, doctors, dentists, and lawyers have been able to deduct the cost of attending professional conventions related to their specific practices.

On the other hand, you can expect to pay the full cost of going to any fraternal or social convention without any tax relief, even though you establish business contacts or conduct some business while you're there. Tax collectors definitely regard these as personal expenditures, not subject to deduction.

Once you have established proof that the convention was essential to your business, these are the expenses you can claim: travel costs (round-trip), food, tips, hotel bills and related expenses, such as charges for a display room or secretarial services.

Costs of entertaining clients and customers are considered legitimate deductions. But the money you spend on a business associate is a personal expense, and not deductible. Reason: There's a definite distinction in the eyes of the Treasury between a business associate and a client. A client is looked on as a person from whom you receive income; therefore the entertainment you pay for is likely to increase your earnings. A business associate is someone from whom you don't get any income.

Keep a record of all expenditures you make during a business convention. When possible, get receipted statements. These will help if any question should arise about your return.

It's doubtful that all expenses will be deductible—at even the most important business convention. This is because the Internal Revenue Service assumes that at least part of the total costs are of a personal nature, such as shopping, sightseeing, social entertaining. So, keep your business and social records separate. Any personal expense is not allowed as a deduction, even though it is a part of the over-all cost of attending a convention.

To illustrate this point further, suppose you should take a cruise that was available only to those attending your particular convention. Even though some time was devoted to lectures, discussions, or exhibitions of a business nature, you would get no deduction on any of the expense of the cruise. That's because the basic purpose of the cruise was your own personal recreation—not business.

Likewise, if IRS decides that your main purpose in attending a convention was personal—regardless of what business you transacted—those expenses normally considered legitimate deductions will be disallowed.

If your wife accompanies you, can her expenses be deducted? Yes, if you can show that her presence was definitely required for whatever busi-

PERSONAL BUSINESS (Continued)

BUSINESS WEEK

AUG. 11, 1956

ness you conducted while away. This is usually pretty hard to establish. (Secretarial services such as taking notes or typing letters don't meet the requirement.) For instance, one taxpayer had to pay all his wife's expenses, even though she owned the business, signed business checks, and worked part time. He couldn't prove that the contributions she made were essential to the business he did at the convention.

If your wife goes with you (and you don't deduct her expenses), figure out how much the bills would be for just yourself. For example, deduct the cost of a single room at \$15, rather than half the price of a \$20 double room.

—●—

A change in your driving habits may help cut down the cost of running your car and, at the same time, improve its operating efficiency. Here are a few suggestions from automotive engineers:

Turn off your engine rather than idle it. The amount of gasoline it takes to restart is negligible compared to what is used in idling (about one-third of a gallon an hour). Also, do as much as possible of your driving during the day. The lower temperature and higher humidity at night allow more water vapor to mix with gasoline and air, decreasing the efficiency of your engine.

Extremes of speed and jerky accelerations cut down gasoline mileage. For maximum economy, maintain an average speed. If you do increase your speed, make the change gradually.

In hilly or mountainous country, climb slowly. Keep your car in gear on the downhill; the engine helps to brake the car in emergencies.

Before a long motor trip, have your car thoroughly checked and remember that overloading adds strain, both in operation and in the amount of gasoline used. Carry a minimum of baggage, place heaviest pieces near the center of the car for best riding and handling.

—●—

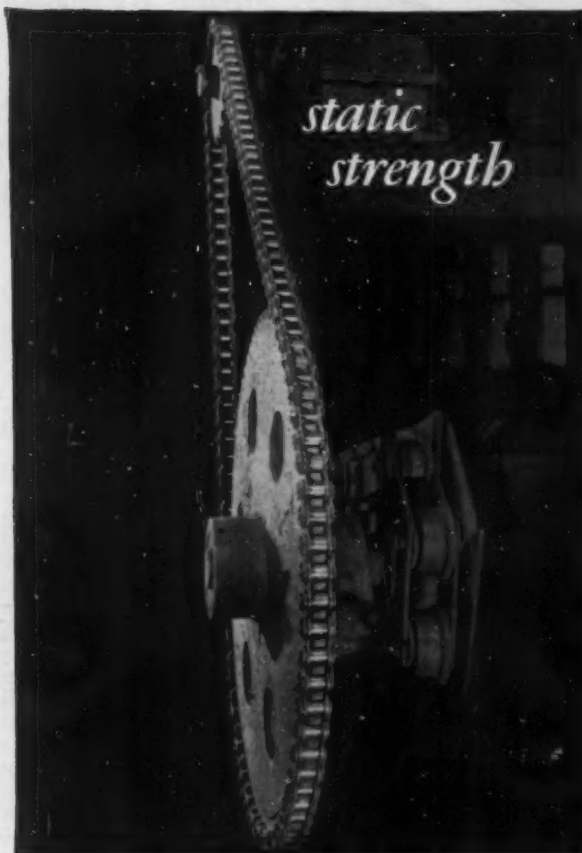
Note for your wife: The furnace repair racket is at its peak, so be on the lookout for so-called repairmen. A typical approach is he "happens to be in the neighborhood" and "will inspect your furnace at no obligation." Some even pose as government representatives or official inspectors. To be on the safe side, ask for credentials and check with your local Better Business Bureau.

—●—

Gardeners can prolong the life of cut flowers by cutting them at dusk and placing them in lukewarm water overnight. Next morning, make a long slanting cut in each stem to increase water intake. Cut stems again when you change the water (preferably each day), and remove any leaves that are under water.

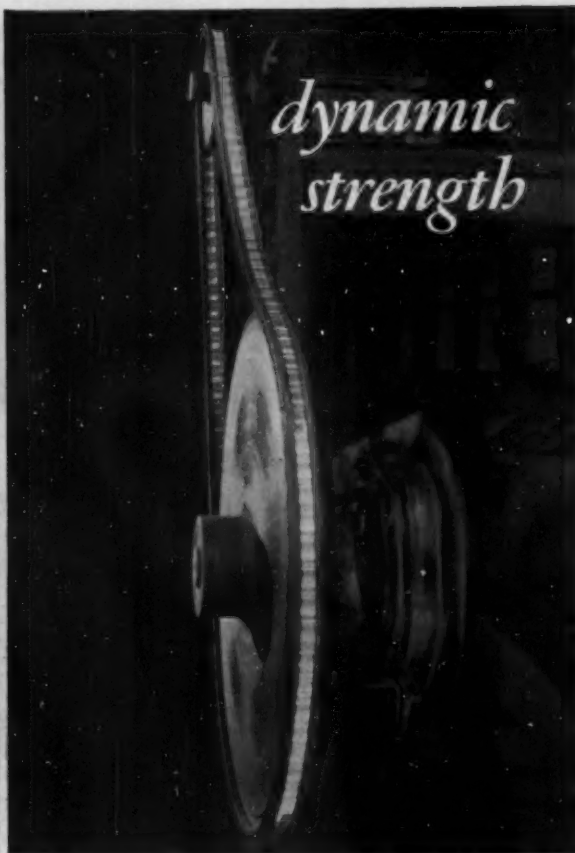
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Manners and modes: A special glass provides unseen protection for art objects and other display items. It's completely invisible and glareproof. . . . Do-it-yourself has reached the soft drink stage; a tablet dissolved in water produces carbonated soda pop. . . . A good protection against atomic and hydrogen bomb attacks is to jump in the ocean, according to one doctor and marine biologist.



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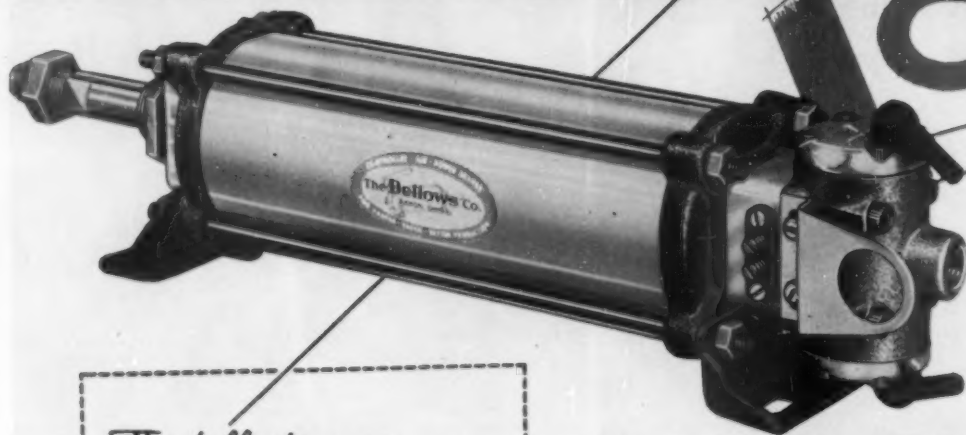
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A Tough Nut for Researchers

● Allergies afflict millions in the U.S., but research into their cures and prevention has been piddling.

● One of the main stumbling blocks is the multitude of agents that cause or help bring on allergic diseases—and the multitude of symptoms reported by individual patients.

● Now there are signs that research is being stepped up in the field and one of the first results may be better techniques of treatment.

This is the month the hay fever sufferers go through their greatest agony. That's because the pollen content of the air is at its highest in August. It's also a bad time for the many people afflicted with other allergies.

• **Millions of Sufferers**—The number of people in this country who go around wheezing, coughing, choking, itching, or suffering from joint pains or fever as a result of allergies is surprisingly high. If you concentrated them in one place, you would have a city twice the size of New York. One out of every 10 Americans—17 million in all—is allergic to one thing or another. Asthma and hay fever sufferers alone number 3.9 million, ranking these two diseases third in prevalence among chronic maladies. Although most allergic sufferers are incapacitated only part of the year, many are afflicted all year-round.

• **Little Research**—Despite this toll of human suffering, there has been little organized research into the disease aspects of allergies. Allergy, as a science, has become a sort of stepchild of medicine—either ridiculed or ignored. General practitioners or internists have used the diagnosis "allergy" as a handy label for symptoms of patients demanding a name for their ailments.

In the five-year period between 1946 and 1951, research into allergic diseases received only \$800,184 in support grants from government and private sources combined. That's an average of \$160,000 a year, which puts allergies 26th on the list of 29 diseases receiving support in this country.

• **Manpower Loss**—This amount of money is pitifully small when you consider the manpower waste caused by allergies. Hay fever and asthma account for the loss of 25-million work days a year.

And surveys indicate that the burden of allergies falls most heavily on those least able to bear it—the two-fifths of

the population in the lower income groups. The number of work days lost annually because of allergic diseases is almost three times as great among families on relief as among those with incomes of \$3,000 and over.

I. What They Are

Everyone is familiar with the word allergy, but most people have only a fuzzy idea of its meaning. To them, it can mean anything from the hives some people get from eating strawberries to the nasal congestion Aunt Suzie gets from the family poodle.

• **Definitions**—Few people—even medical researchers—are able to offer a complete definition. Medical dictionaries are only of little help; in them you will find such ambiguous definitions as "acquired immunity" or "super-hypersensitization."

Perhaps the best clue to the meaning of allergy comes from the derivation of the word. Literally, it means altered energy—or altered reactivity on the part of a particular person to a particular substance.

You run into even more trouble if you try to classify the symptoms of allergies. Every allergy sufferer seems to suffer in his own way; no two ever seem to agree on their reactions. And that's why any broad research is extremely difficult—if not impossible—to organize.

• **Types**—Allergies do fall into various categories, though. The best known is called atopy. In this group belong asthma, hay fever, atopic eczema, hives and some headaches. Ailments of this type show hereditary influences, are mostly caused by airborne substances, foods, or certain drugs.

Contact dermatitis is another common type of allergy. It is caused by direct contact with a variety of plants (including poison ivy), dyes, and many chemicals.

Bacterial allergy is the result of bacterial infection; "serum sickness" is now generally conceded to be an allergic reaction; and physical allergy consists of a peculiar reaction on the part of some people to cold, light, or heat.

• **Causative Agents**—Regardless of the type of allergy, the substance causing the sensitivity (whether it's swallowed, touched, or inhaled) is called an allergen. Pollens, molds, house dust, dog hair, feathers, cornstarch, gums, wool, cottonseed, dyes, perfumes, metals, chemicals, eggs, milk, nuts, antibiotics, hormones, bee venom, and sunlight all are allergens—for some people.

What makes things really complicated is the fact that not all allergens are the direct cause of an allergy. Some noncausative allergens can aggravate an allergy or even precipitate it if another allergen is present.

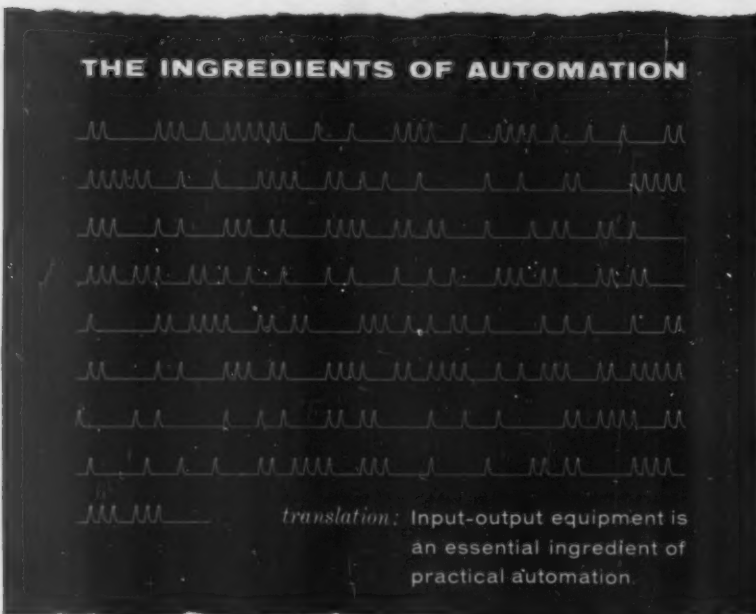
Chalk dust or cold bacteria, for instance, may aggravate or bring on an attack of asthma, but they don't cause it. The same is true of rough clothing or a chemical (such as soap) in eczema cases. You can't tag these allergens as the true cause of the allergy because, by themselves, they might not have been responsible for the attack. But they certainly complicate matters for the researchers.

• **Identification**—Most of the actual progress that already has been made in medical research on the subject of allergies has to do with identifying the particular allergen to which an individual patient is sensitive and treating him for his particular ailment. The patient is questioned for clues, is examined, x-rayed if necessary, subjected to laboratory tests and finally skin tests. The results are then interpreted according to a more or less set formula—in the light of the doctor's knowledge and experience.

Little or no progress has been made until very recently on medical prevention of allergies. Doctors, of course, will advise patients known to be allergic to avoid the common causes of allergy. These people are warned to refrain from taking drives in the country during the pollen season, to stay away from paint or insecticide fumes, to try to abstain from using quantities of cosmetics, ointments, dyes, and strong cleaners, to avoid emotional tension or over-fatigue.

These tactics undoubtedly have lessened the allergy victim's suffering. And in many cases, removal of the allergen may cure the patient permanently.

• **Desensitization**—In other cases, a



Machine language

Electronic computers and data processing machines have a language of their own. Instead of the usual numerals, alphabetical characters and signs used by man, machine language is composed of groups of individual electric signals. These signals can be used to represent virtually any information which can be written down. Actually, there are several varieties of machine language. The one shown in the illustration is known as Binary Coded Alphanumeric.

Translations between machine language and human language constitute one of the most important aspects of electronic computer and data processing systems. Such translations can be accomplished automatically at high speed by auxiliary machines known as input-output equipment.

One example of input machines has a keyboard with conventional symbols on it. When the keyboard is operated, the input machine automatically performs the required translation, and transfers the data directly into the main computer or onto a recording means such as tape which can be used subsequently by the computer. A typical output machine incorporates a printer, which automatically prints the output data in human language. When

digital computers are used in electronic control systems, similar translation provisions are necessary for feeding instrument readings into the computer and for dispatching operating instructions from the computer to the process equipment.

To make the most effective use of the capabilities of modern electronic computers and data processors, it is necessary to have equally modern input-output equipment. Such equipment is an essential ingredient of practical automation.

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This wide range of experience in input-output equipment, when coupled with R-W's extensive background in the analysis and design of complete systems, provides a capability for competent appraisal of the effectiveness of input-output equipment in a wide variety of applications—its advantages, its limitations, its flexibility, and its soundness of design.

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gradual course of desensitization may relieve the sufferer completely and make further treatment unnecessary. This has been the result, to a large extent, of the development in techniques of immunization, the use of antibiotics to treat infections, and the progress in the use of certain drugs.

II. Fields for Research

But not much insight has been gained on the physiological aspects of the problem—what happens in the body when a particular allergen comes in contact with it, and how the body reacts to it.

- **Exposure**—Medical researchers know that when an allergen is taken into the body of a person sensitive to it, tiny cells in his tissues may produce special substances called antibodies that react upon it, or attack it. These antibodies may not be produced immediately, but only after repeated exposure to an allergen or by a very heavy single exposure. Bakers who have carried on their trade for a number of years, for example, may develop an allergy to flour, or tobacco workers to tobacco. An undertaker has been known to develop a very painful allergy to chrysanthemums, and a bank teller to metal coins.

Once allergen-caused antibodies have developed within a person's system, further contact with the allergen produces irritation to the body's sensitive tissues—such as the eyes, the nose, the bronchial tube, the skin, the digestive tract, and the lungs.

- **No. 1 Riddle**—But scientists are almost completely stumped when it comes to explaining just what it is in the chemico-physiological make-up of an individual that makes him allergic to a substance that is harmless—or even nourishing—to his neighbor. They simply don't know whether the allergic predisposition is due to a change in body chemistry, a change in the structure of tissues, a change in the hormone balance, or some other cause.

This perplexing problem is the fundamental focus of research now being carried on by the American Foundation for Allergic Diseases and various other private laboratories throughout the country. But it may be a long time before the researchers come up with a complete answer.

- **Related Problems**—There's more hope that the research will throw some light on related problems dealing with the treatment of allergic patients. For instance:

- Research may turn up the cause of the sensitivity of a good many asthma patients who now do not know what is responsible for their trouble.

- Recently launched investigations by a number of institutes into the chemical mechanisms involved in cases

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where asthma is caused by bacteria and viruses could relieve sufferers.

- More scientific study may reveal why such things as an acute fever with infection and almost any kind of major surgical operation bring temporary relief to asthma patients. The factors involved in such natural relief of asthma symptoms are the brightest single hope for a permanent treatment. Research teams at the Institutes of Health are studying the possibilities by trying to duplicate the phenomena in animals. If this approach is successful, it could open up a new theory of treatment.

- Research to simplify the process of immunization has been going on for a long time, and more concentrated efforts along this line could result in making this method of treatment less bothersome. Right now many patients balk at having to undergo a series of injections.

- Much current work on cancer could have a direct effect on eventual knowledge about the mysteries of allergies. A large number of cancer researchers are probing into the relationship between antibodies and specific cancer cell growth. This links into the wider field of the immunological process, and from there logically into allergic reactions.

- Few Trained Minds—But if any across-the-board advances are to be made in the prevention of allergies, the country must get more professionally trained researchers in the medical schools and hospitals. Asthma and other forms of allergies have a greater incidence in the United States than polio, cerebral palsy, multiple sclerosis, and arthritis combined. Yet there is only a trickle of trained minds coming into the laboratories to deal with the many-sided problem of preventing allergies. In some medical schools, instruction on allergies is haphazard; in others, it's neglected entirely.

In the U.S. today only 1,500 physicians specialize in allergies—that's about 10,000 patients to each specialist. Yet severe asthma requires intense medical and nursing care.

- Dollars for Research—The American Foundation for Allergic Diseases was established in March, 1953, under the joint auspices of the American Academy of Allergy and the American College of Allergists, to try to fill the gap in our knowledge about allergies. This year, AFAD has pledged itself to raise \$1.5-million nationally—40% of which is to be earmarked specifically for basic research on allergies and development of better techniques of therapy.

How soon such an investment will pay off is questionable. But it is significant that for the first time, basic studies on one of man's most common enemies is moving toward big-time research programing. **END**



Voyager—beyond the knowledge frontier

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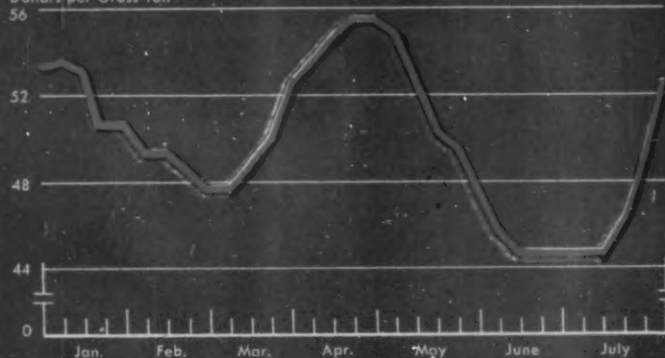


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CHARTS OF THE WEEK

Steel Scrap Prices

Dollars per Gross Ton



Data: Iron Age.

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On the Way Back Up

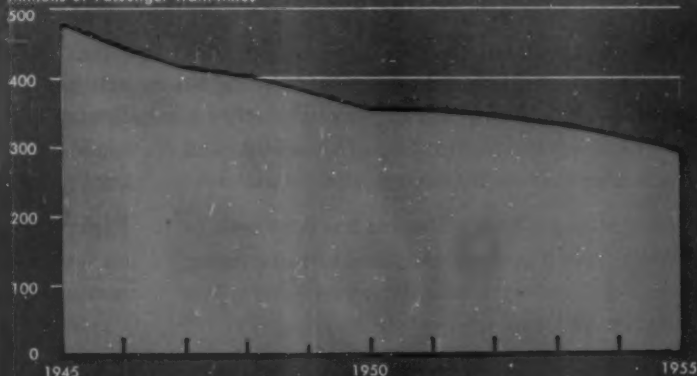
Steel scrap prices are shooting upward again, as settlement of the steel strike brings prospects of near-capacity production — with ore supplies none too certain. Dealers expect this to result in a strong demand for steel-making scrap, so

they're buying heavily on the theory that steel mills will pay higher prices when operations go into full swing.

Steel scrap prices reached a peak in March and April, according to Iron Age, and hit bottom in June.

Passenger Train-Miles

Millions of Passenger Train-Miles



Data: Interstate Commerce Comm.

© BUSINESS WEEK

A Decade of Decline

Since the end of World War II, the number of miles of passenger travel on railroads has declined each year. Last year, total passenger train-miles dropped

to a low of 299-million — down 38% from the 1945 peak. During this same period, the miles of road operated in passenger service declined 25%. That

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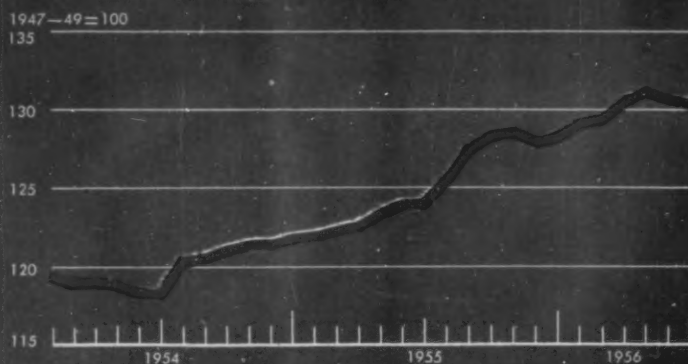
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means there was a sharper decline in the number of passengers using the railroads than in the miles of road operated in

passenger service. From 1954 to 1955, passenger train-miles declined 6%. Miles of road operated were off 3%.

Building Materials Prices



Data: Dept. of Labor.

BUSINESS WEEK

Costs Stay High

Despite a slight dip in June, the sustained high level of building materials prices has helped put a crimp in housing. Higher price tags on new homes tend to discourage buyers and this is reflected in the recent drop in home

building (BW-Aug. 4 '56, p144). Building costs this June were more than 5% higher than one year ago. And this increase came on top of a similar rise from June, 1954, to June, 1955. In the last six months the increase was about 2%.

Automobile Production



Data: Ward's Automotive Reports.

BUSINESS WEEK

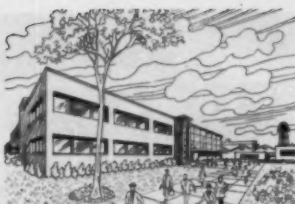
Changeover Cuts Output

August production of passenger cars will drop about 60,000 below that of July as Detroit moves into its model changeover period, according to Ward's Automotive Reports. July production was up nearly 20,000 units above June.

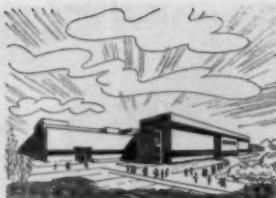
The shutdowns for changeover are expected to be staggered throughout August. For Ford and Chrysler, the period will probably end early September, but output of the two companies will not resume full strength until October.



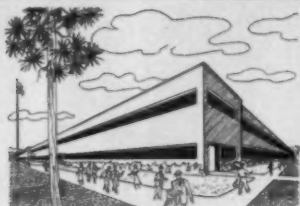
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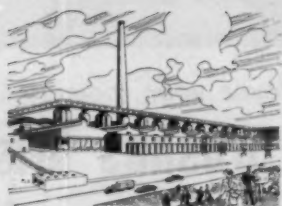


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REGIONS

Capitol Domes Work Overtime

- All over the nation, state legislatures are working their thinking caps night and day.
- In regular or special sessions, they are trying to dream up ways to meet the increased cost of government.
- Two labor issues—supervision of union welfare funds and the right-to-work law—are big headaches.
- In the South, the predominant worry is how to preserve segregation.

For state legislatures, even-numbered years are "off" years. Only 14 meet annually—others are talking about doing it, too—and three hold their biennial sessions in even years.

This year, though, there was considerable activity under capitol domes. In regular or special session, 25 legislatures met. The problem of paying for the increased cost of government animated some of them. In the South, racial legislation dominated the lawmakers' action. And there also was a flurry of labor laws.

There was little the state legislators could, or would, do about highways. They wanted to see what kind of federal aid Congress would come up with. Now that Congress has spoken (BW—Jun.30'56,p29), they have something to go by next year.

• **More Taxes**—Even though last year set a postwar record in tax legislation, nine states felt compelled to raise established taxes or impose new ones. And there was promise of renewed, intense activity next year. A flock of states, wondering how to rake in more dollars, have special commissions and committees studying their tax structures.

Kentucky raised both personal and corporation income taxes, and Maryland and Pennsylvania voted to raise levies on corporations. Alabama asks voters to ballot Aug. 28 on a proposed constitutional amendment to raise the corporate tax rate. A constitutional convention in New Hampshire defeated a proposed income tax, while New York cut income taxes.

Pennsylvania, which allowed its 1% sales tax to expire last year, put in a 3% selective sales tax—keeping at 33 the number of states that levy taxes on sales.

Louisiana rejected new or increased taxes on pari mutuel betting, liquor, natural gas gathering, severance of sulfur and timber. Maryland raised the

property tax rate. Cigarette taxes went up in New Jersey, Ohio, and West Virginia. Ohio raised the tax on capital shares of banks, building and loan and mutual associations, but turned down an increase in the tax on bank deposits.

South Carolina decided to tax net income of building and loan associations, while raising levies on pinball machines and liquor wholesalers. A tax on hotel and motel rooms was passed in Pennsylvania. West Virginia increased taxes on foreign corporations, foreign and domestic insurance companies, and pari mutuel betting.

Aside from New York's income tax cut, there were only two other reductions: Kentucky cut its amusement tax and South Carolina revised its tax on soft drinks.

For next year, the prospect is not only higher taxes on the state level; cities also are asking states for broader powers to raise money themselves for their local projects.

I. Highways

The new federal highway program, wherein the federal government puts up 90% of the cost for designated interstate highways and the states chip in 10%, was on everyone's mind.

Some states broadened borrowing authority for highways—Kentucky, Mississippi, New York, Pennsylvania, and West Virginia—in some cases to match federal aid.

Increased gasoline taxes were turned down in Arizona, California, Mississippi, and New York. Massachusetts House passed a bill authorizing a \$200-million bond issue and raising the gasoline tax by 3¢ per gal. to bring in \$100-million more.

Kentucky levied a new fuel tax on trucks, and South Carolina and Virginia raised theirs, but Massachusetts

and Michigan turned down such proposals.

• **Toll Roads**—The federal aid program muddled the picture on toll roads. Officials in some states said such aid would make future toll roads unnecessary, and a few even spoke of reverting to free roads. Others disagreed. They contended that there was a need for both, or thought they could get roads built faster as toll roads than if they waited for help from Washington. Too, there was a feeling that turnpikes are used mostly by people from outside the state, who should help pay for them.

II. Labor

Probably the two most significant developments in the load of labor laws were New York's bringing union welfare funds under state supervision and Louisiana's repeal of its right-to-work law.

The State of Washington had enacted a similar law regarding welfare funds last year (BW—Aug.13'55,p114), and the prospect is for a nationwide push for such legislation in 1957.

Under the New York law, the State Banking and Insurance Departments may examine union welfare funds as often as they wish. The state may set commissions and fees paid insurers and compensation paid trustees. Trustees must report annually on their fund.

• **Right-to-Work**—Louisiana became the first state in years to drop a right-to-work law. The trend had been in the opposite direction, and in Washington State a proposal for such a law may be put on the ballot in November. Louisiana's law was adopted in 1954 after bitter controversy, and it was a major issue in last year's election campaign. In Montana, the measure was dropped due to lack of signatures.

• **Compensation**—Unemployment compensation benefits have been expanded in Kentucky and Virginia. In Kentucky, maximum benefits were increased from \$28 to \$32 a week for a maximum of 26 weeks. The Virginia act raised the benefits from \$24 to \$28, extended the period from 16 to 18 weeks.

Maryland enacted legislation permitting state benefits to be integrated with employer-financed supplemental layoff pay, but Rhode Island turned down such a bill. Proposals to prohibit or limit such integration were rejected by Michigan and New York.

Michigan, meantime, has refused to go along with Gov. G. Mennen Williams' proposal to raise unemployment

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benefits—already at \$54, the highest in the nation.

Michigan did liberalize workmen's compensation laws, as did Kentucky, Pennsylvania, Rhode Island, South Carolina, Virginia, and New Jersey.

A new general minimum wage law, setting 90¢ for intrastate employers, was voted in Rhode Island. New York required bids for public works projects to include fringe benefits in labor costs on which they are based.

III. Other Matters

The legislatures also ran through a variety of other matters:

Housing: New York will vote in November on a \$100-million bond issue to lend private builders money to build middle-income housing. Rhode Island and Kentucky gave municipalities broader powers to fight slums. Massachusetts authorized an expansion in the program of low-cost housing for elderly persons with low incomes.

School construction: Pennsylvania increased subsidies for which municipalities and State Public School Building Authority are eligible. New Jersey's cigarette tax is to provide \$12-million more for schools. Maryland increased local borrowing power for schools.

Ports: Maryland and Massachusetts created new port authorities. The one in Maryland has jurisdiction over all navigable water except Talbot County and part of Arundel County. The Massachusetts Port Authority, patterned after the New York Port Authority (BW-Jul.14'56,p74), will own state-operated airports at East Boston and Bedford, the Port of Boston properties, the Sumner Tunnel and the Mystic River Bridge Authority.

Marketing: Alabama's new law is to keep trading stamps out of the Birmingham area by providing stiff license fees. Alabama and South Carolina measures call for display signs identifying Japanese textiles. Rhode Island authorized municipal control of "going-out-of-business" sales. Kentucky and New York passed laws to curb abuses in automobile sales financing.

Industrial development: Pennsylvania created a State Industrial Development Authority with a \$5-million revolving fund to attract industry. Michigan permitted establishment of a privately financed and operated state development credit corporation for such expansion.

Trucks: Truck size and weight laws were liberalized in Georgia, Kentucky, Michigan, Mississippi, South Carolina, and Virginia.

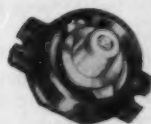
Racial Issues: While Southern legislatures acted to preserve segregation, New York tightened laws against discrimination in FHA or VA housing and Michigan increased penalties for discrimination by hotels and taverns. **END**



KLIXON Protectors Offer Best Overheat Protection You Can Get, Says Motor Repair Shop Owner

MEMPHIS, TENNESSEE: Mr. Paul S. Broadfoot, owner of Southern Electric Company, knows the value of Klixon Protectors in guarding motors against burnouts. He writes: "We believe that the use of Klixon Protectors is about the best overheat protection you can get in electric motors because we know they have saved us many service calls and made us many satisfied customers."

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WHEN BUSINESS MEN WANT BUSINESS NEWS THEY TURN TO BUSINESS WEEK



GAMBLING TOWN'S new hotel plugs for commercial business, showing how . . .

Las Vegas Hedges Its Bets

Lady Luck appears to be smiling again on Las Vegas. This time, though, the payoff is coming through diversification.

After 1941, when gambling casinos extended from their downtown confinement to plush hotels south of town, the city boomed, dancing to the tune of slot machine bells and the croupier's spiel. Thousands came to try their fortune. A half dozen more luxury places went up, on what became known as The Strip, with swimming pools and highly paid entertainers to brighten the respite away from the gambling parlor.

• **Over Extended**—In the belief this merry prosperity couldn't end, four plush new hotels were opened within six weeks last year. But there wasn't enough business to go around, and a dip set in. Two of the new hotels closed their casinos, a third closed completely.

The crisis is simply explained in a study made by Duff, Anderson & Clark, Chicago investment and financial analysts: "The healthy 25% gain in tourist and resort business in 1955 could

not support a 100% expansion of hotel capacity and resort facilities."

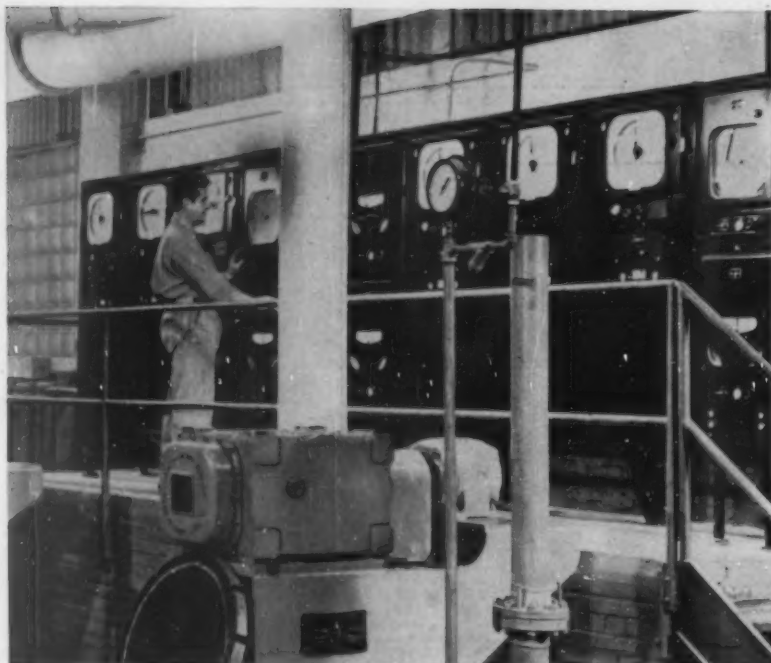
• **Firmer Footing**—But now Las Vegas is looking up again. Its citizens hope to build on something more than the success of The Strip by developing downtown Las Vegas and by getting industry into the area.

• A \$6-million skyscraper (by Vegas standards) hotel and casino, the Fremont (picture) has been opened downtown—the first casino built in that part of town in a decade—and is so successful that other downtown places are likely to be built.

• Voters have O.K.'d a bond issue for a 2,500-seat hall to strengthen the city's bid for convention business.

• Hotel owners have become reconciled to the need for industry and have joined businessmen in plugging for new plants outside the city. The hotel owners used to oppose the idea because they feel industrial workers will not only contribute nothing to gambling revenue but will require city facilities—and, consequently, higher taxes.

The Fremont's hotel-casino operation



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hints something of what lies ahead in Las Vegas hotel business. Its rooms are luxurious, but it has neither swimming pool nor theater-restaurant. Though the casino takes virtually all the ground floor, the Fremont is after commercial business, too: It has a 250-seat auditorium and banquet room and also claims the only sample rooms in Southern Nevada.

• **Not So Cheap**—Today, hotel-casino operators along The Strip are taking the hint. No longer do they sell you a good dinner almost at cost or let you see top-grade floor shows for the price of a drink. Determined to make each hotel operation pay for itself, they have raised restaurant prices 40% to 60% and slapped on cover charges.

This treatment is reviving the financial foundation of The Strip. One casino, closed last year, has reopened. While plans for several plush, 800-to-1,000-room hotels have been cancelled or postponed, two 200-to-300-room hotels are opening this summer.

Says the Las Vegas Sun: "The entire community . . . now realizes that a healthy basis must be provided for our economy to replace the cardboard and tinsel structure. . . ."

• **Site for Industry**—For this purpose, Las Vegas businessmen have formed the Southern Nevada Industrial Foundation. They want the state to buy 126,775 acres of federal public land 20 miles south of the city, and then they plan to persuade industry to build plants there. (They favor the 20-mile distant site so that factory smog won't hurt the tourist trade and workers will be less tempted to gamble.) Congress failed this year to pass bills providing for the sale of the land to Nevada, but Las Vegas will make another determined try next year.

REGIONS BRIEFS

Shortage of blueberry pickers for the crops in New Jersey's Atlantic and Burlington Counties may mean the loss of up to \$100,000. Strong potato and snap bean markets, plus attractive Pennsylvania relief checks, have dried up the South Philadelphia labor source.

Public and private power have reached an agreement on development of the Lewis River near Portland, Ore. (BW—May 19 '56, p189). The Cowlitz County Public Utility District in Washington has dropped its condemnation proceeding against the two dams now owned by the Pacific Power & Light Co., agreed to a plan whereby the private company will take two-thirds of the power from new projects and will pay an equivalent share of the construction cost.

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Minimizing the Inflationary Kickback

When Pres. Clifford F. Hood of U. S. Steel announced a price hike of \$8.50 a ton this week (page 24), he indicated that the corporation considered this the absolute minimum price rise necessary to finance its new wage agreement with the United Steel Workers. In fact, on the basis of the steel industry's supporting figures, business had been expecting a price hike of \$10 to \$12 at the least.

While we are not in a position to audit the industry's figuring, we are relieved to see a corporation with Big Steel's enormous influence align itself on the side of moderation. At a time when it's touch and go on inflation, this restraint could make a great difference to the country as a whole.

This is not to say, of course, that inflationary forces have been wiped out at a stroke. The steel industry has just signed a pattern-setting contract. The wage package is fat; its effects will pump up purchasing power. The price advance isn't tiny; its effects on steel and other materials vital to the economy will be felt in family budgets.

Big Steel will not be popular with its industry for sticking to its thesis that higher prices are no way to recover rising costs of expansion. The position is sound, nevertheless.

If faulty tax laws are hampering steel's expansion, the right way to deal with the problem is to get the depreciation provisions of the tax law changed rather than to try marking up the price of steel in an effort to undo the damage that present depreciation rules are doing.

Thus, U. S. Steel's price action puts the question in the proper perspective. It enables the industry to go to Washington with a case that it can put simply: "We've done what we can on inflation; now you do your share on expansion reserves."

Watching the Wheels Turn

Starting next week, millions of Americans will be avid viewers of television's biggest quadrennial shows: the national conventions. Four years ago, their intense drama and occasional humor made them superb to watch. And this year again, program sponsors, networks, convention committees, and the large public hope for gripping entertainment.

Any honest political analyst will tell them all to prepare to be disappointed. Barring the most extraordinary developments, both the Democratic and Republican conventions will be much tamer than last time.

But though the conventions disappoint as entertainment, they will lack nothing in educational value. Each time, the conventions' managers grow more and more aware of the public's interest and are willing to have more and more of the conven-

tion and its working background of committees televised. Each time, the television crews grow more skillful. The result is a more and more complete picture of how this vital mechanism works.

The national party convention is an integral part of the American system of government. Operating without express Constitutional sanction or statutory provision, it is, nevertheless, an indigenous invention that has achieved acceptance through universal consent. It seems to be the unique prerequisite to the nation's most serious public business: electing its top executives.

Thus, whether the view be of strife or of harmony, of excitement or of tedium, all of us will have an opportunity next week to enrich our knowledge and insight through the television screen.

A Barrier Goes Down

Only one of the Administration's major proposals for changing our foreign trade program was passed in the last session of Congress. Yet that measure, a customs simplification bill, is a definite aid to increased trade. It represents, as the President stated, a "real accomplishment."

Under the new law, the value of foreign goods coming into the U. S. will be based on their "export" value—the price at which the goods are sold to American importers. Up until now, assessments were made on a capricious system that used either the "export" or "foreign" value—the price at which goods are sold in their native markets—whichever was higher.

This old method was cluttered with red tape and called for intricate investigations and calculations that were both time-consuming and costly. From now on, foreign value will not be used as a basis of assessment, except for those few items where it would mean a drop of 5% or more in duty.

This is not the first customs simplification proposal made by the Administration. In the past three years, it has seen other recommendations enacted by Congress. For example, we now have legislation to eliminate various redundant accounting procedures as well as many shipping requirements connected with imported goods. By overhauling the method of evaluations, Congress has completed the simplification proposed by the President.

Despite the lack of action on other Administration proposals, such as membership in the Organization for Trade Cooperation and tariff simplification, this step should not be underestimated. The old barriers to quicker and more permanent trading arrangements have finally been eradicated. In fact, the legislation now in force is a positive incentive to increased trade.

There's more in this barrel for you...



James E. Pratt, left, Socony Mobil engineer, obtains performance data on hydraulic system at an aluminum extrusion plant.

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to help you improve production and cut costs!

Specify Socony Mobil and get the services of more industrial lubrication engineers than are provided by any other oil company.

These specialists, working closely with your Mobil representative, will help you set up a plant-wide program of correct lubrication . . . advise on any lubrication problems that might arise. Their long experience and expert recommendations can improve your production and cut costs.

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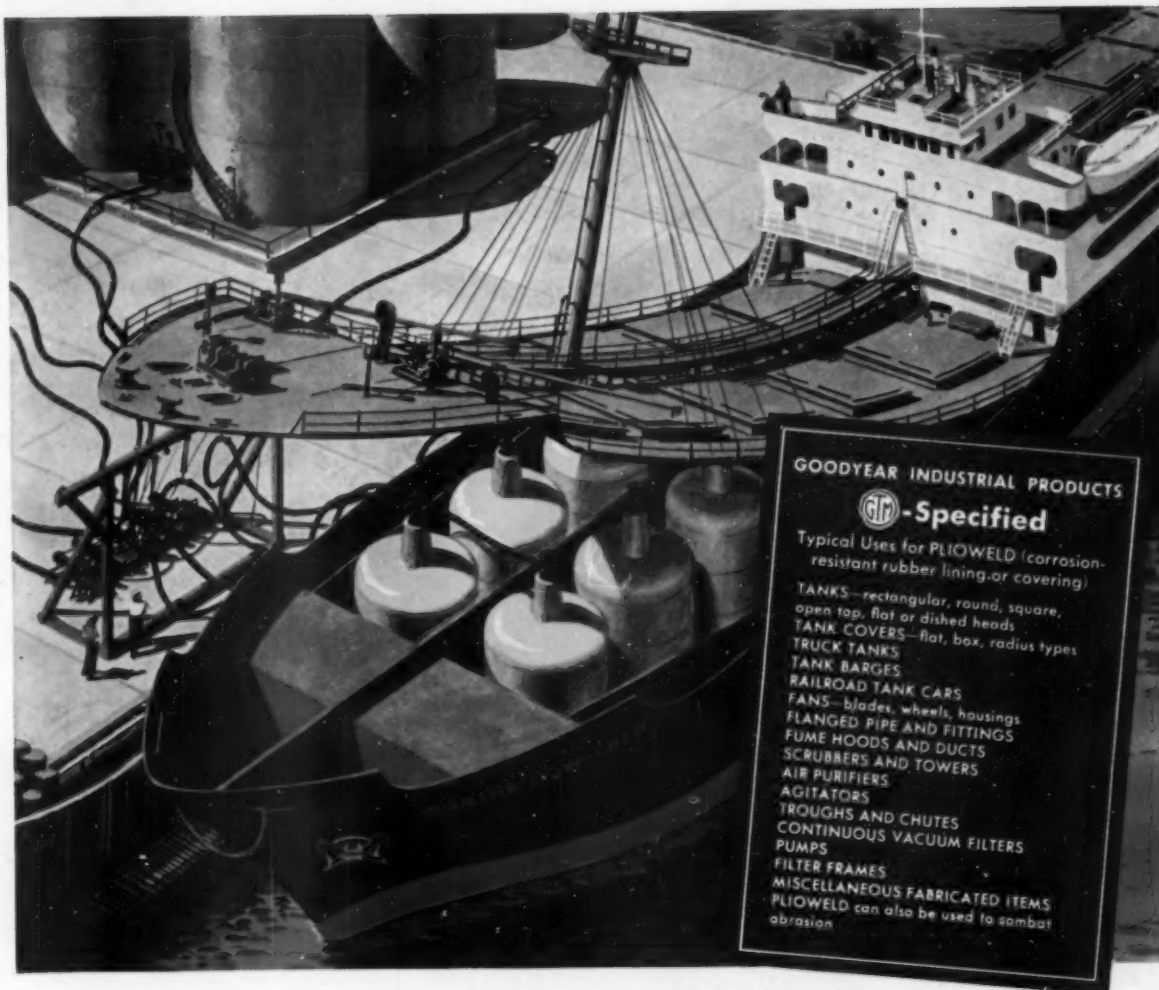
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Typical Uses for PLIOWELD (corrosion-resistant rubber lining or covering)

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 PLIOWELD can also be used to combat abrasion

Safest way to mix acid and water

It's 1949 and you're in a quandary.

You're a Purchasing Agent for a big chemical company. Your problem: To find a lining for chemical barges that can handle *both* muriatic acid and concentrated caustic soda.

This has never been done successfully before. However, you're off to a good start by calling in the G.T.M.—Goodyear Technical Man. He believes PLIOWELD—special corrosion- and abrasion-resistant rubber lining—can do the job, but suggests a thorough testing program to be sure.

One, two, three years roll by. PLIOWELD proves itself

first in the laboratory, then in the field. Result: Today, PLIOWELD protects six 40,000-gallon, bottle-shaped tanks aboard the world's largest seagoing chemical tanker against acid and, if ever necessary, alkali attack.

Another result: Whenever you have a problem on any type of industrial rubber, one of your first calls is for the G.T.M. His services are readily available through the Goodyear Distributor or Goodyear, Industrial Products Division, Akron 16, Ohio.

It's smart to do business with your Goodyear Distributor. He can give you fast, dependable service on Hose, V-Belts, Flat Belts and many other industrial rubber and nonrubber supplies. Look for him in the Yellow Pages under "Rubber Goods" or "Rubber Products."

GOOD YEAR

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